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NEWS SUMMARY

GENERAL

Newton: 'attempts on my life'

Former airline pilot Andrew Newton, who claims he was hired for £10,000 to kill Norman Scott, told the court in Minehead, Somerset, yesterday that attempts had been made on his own life on two occasions.

He said that in New York in 1976, an articulated lorry had knocked him down and tried to run over him three times and that year, a red Mini had tried to scrape him along the wall or knock him down. He assumed it was a warning to keep quiet about the alleged conspiracy.

Newton was being cross-examined at the resumed committal proceedings against Jeremy Thorpe and three others accused of plotting to kill Norman Scott. Newton agreed that he hoped to collect £50,000 for the sale and serialisation of a book on the case. He also referred to negotiations with the media. The hearing continues.

Peking cheers

Mass rallies in Peking cheered Vice-Premier Teng Hsiao-ping's name and speakers demanding democracy and human rights after being told that a free speech campaign had been launched with the approval of Mr. Teng. **Page 3**

West Bank plan

Israel is studying a new plan to settle 27,000 Jewish families in the occupied West Bank in the next five years, says Israeli television. The move could undermine plans for Palestinian local self-rule. **Page 3**

Sea fraud talks

The Port of London Chief Constable is meeting world police chiefs in Paris next month to discuss a "massive rise in marine fraud." These included selling off cargo and scuttling the ship. **Page 6**

Proll court plea

Astrid Proll, the woman facing the threat of extradition to West Germany as a suspected Baader-Meinhof terrorist, will seek a High Court ruling that she is entitled to British citizenship based on her marriage three years ago to an Englishman.

Time ticks on

Times Newspapers is still set to suspend publication after tomorrow's edition of the Times in spite of several unions' offer to recommend acceptance of new dispute procedures provided the suspension threat is lifted. **Back Page**

Smith stand

Rhodesian Premier Ian Smith has said he had nothing to discuss with British envoy Cledwyn Hughes except to ask him the time and the venue of the all-party talks. Mr. Hughes is expected in Salisbury on Monday. **Page 3**

Moby Click

Japan has successfully tested an imitation killer whale to scare off dolphins near Iki Island, part of a $188,000 project to protect fish supplies following an outcry over the massacre of dolphins.

Harrier sale

Britain's proposed sale of Harrier jump jets to China would not meet any opposition from NATO, Mr. Joseph Luns, the Alliance secretary-general, said in Lisbon.

Briefly . . .

Electricity demand in Britain reached a peak 43.5m kW between 4.30 pm and 5.00 pm yesterday, 700,000 kW higher than the previous record, set on January 18. **Page 6**

Britain is ready to resume talks on revising the EEC common fisheries policy prior to the Ministerial talks before Christmas. **Page 8**

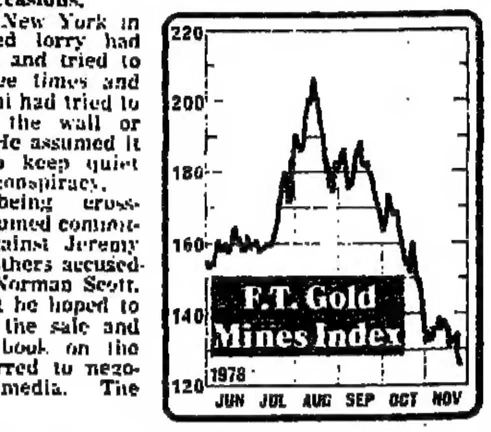
Iran has strongly protested to Britain about what the state-owned Iranian Radio calls the spiteful attitude of the BBC.

President Amin of Uganda is appealing to the UN to help stop an invasion by Tanzania, which the latter denies as "lies." **Page 3**

BUSINESS

Equities up 5; but Golds fall

● **EQUITIES had their busiest day for two months and the FT ordinary index closed 5.0 up at 489.9. Gold mining shares had**



a bad day with the Gold Mines Index falling 4.5 to 125.3, its lowest since early September 1977.

● **GILTS edged forward and the Government Securities index closed 0.17 up at 68.55.**

● **STERLING rose 55 points to $1.9490, and its average rose to 62.6 (62.4). The dollar's depreciation widened to 8.2 per cent (8.1).**

● **GOLD fell $2½ to $195¾ in London and in New York the Comex November settlement price was $192.60 (196.60).**

● **WALL STREET fell 9.70 to 804.14 after late selling prompted by caution ahead of October trade figures.**

● **MORE THAN** £20m much of it from the UK flowed into Irish equities and gilts on speculation that the imposition of exchange controls by the Dublin government against sterling is imminent. **Back Page**

● **EEC** and the Bank of England have reached agreement on the regulation of UK money brokers. **Back Page**

● **UK ECONOMY** should continue to expand during the next year at an increased rate, but medium term prospects are "not too encouraging," says the latest NIESR review. **Back and Page 26; Editorial Comment, Page 20**

● **CAMPAIGN** to speed up the application of microelectronics in industry is to be launched next week by the Prime Minister, with the help of a £50m-plus State aid package. **Back Page**

● **WEST GERMAN** steelworkers started their first official strike in 50 years to back demands for higher pay and shorter working week. Workers at eight Ruhr steel plants stayed away. **Back and Page 20**

● **GENERAL ELECTRIC** of the U.S. and Hitachi of Japan will be the subject of an anti-trust suit brought by the U.S. Justice Department to prevent a proposed joint venture to market televisions. **Page 27.**

● **VOLVO's** $175m agreement with Norway appears to have run into difficulties over tax laws. Norway is seeking to buy 40 per cent of the Swedish car and truck manufacturer. **Page 28**

● **DERBY & CO.** has been authorised by the Bank of England to deal in gold, the first non-banking company to be authorised since the gold market re-opened in 1954. **Men and Matters, Page 20 and Lex**

● **MANCHESTER UNITED** Football Club, which has spent heavily on transfers in the past 18 months, is to raise £1m by a 208-to-one rights issue. **Page 6**

COMPANIES

● **AIRFIX** Industries reports a downturn in profits from £1.11m to £848,000 in the first six months to September 30. **Page 22**

● **COMET RADIOVISION** pre-tax profits for the year to September 2 were £6.31m against £3.81m. **Page 22 and Lex**

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Excheq. 12pc '99-02	£94¼	+ ¼
Amal. Power	143	+ 12
Arlington Motor	117	+ 7
Assd. Dairies	102	+ 8
Automated Security	97	+ 8
BAT Inds.	202	+ 6
Bambers	152	+ 11
Brentnall Beard	48	+ 10
Chemring	82	+ 7
Comb. Eng. Stores	113	+ 5
Comet Radiovision	142	+ 10
Crean (J.)	198	+ 6
Diploma Invs.	186	+ 8
Furness Withy	242	+ 6
Great Portland	224	+ 4
Hicking Pentecost	112	+ 6
Land Secs.	241	+ 4
Lloyds Bank	273	+ 5
Nat. Carbonising	49	+ 4
Peerage of B'ham	54*	+ 11
Pilkington	300	+ 12
Plaxton's	112	+ 7
Reckitt and Colman	472	+ 10
Time Products	177	+ 8
Travis and Arnold	174	+ 9
Tube Invs.	404	+ 10
Sungei Krian	82	+ 8
Cent. Pacific Minerals	330	+ 30
Hampton Areas	130	+ 7
Southern Pacific Pet.	140	+ 20
Whim Creek	75	+ 15

FALLS		
Airfix Inds.	45	− 4
Brady Inds. A	32	− 10
Anglo Am. Gold	£13½	− ½
Doornfontein	206	− 18
Elsburg	68½	− 6
Hartebeest	£11¼	− ?
Oakbridge	116	− 6
UC Invs.	192	− 12
Westfield Minerals	350	− 10

* Price at suspension

Government action on pay deal angers MPs

Commons Ford vote may be close

BY RICHARD EVANS, LOBBY EDITOR

THE IMPOSITION of sanctions against Ford, confirmed yesterday in a letter from the Treasury to Sir Terence Beckett, chairman of Ford UK, has landed the Government in acute political difficulties with the opposition and many of its own supporters.

Both the Prime Minister and Mr. Denis Healey, Chancellor of the Exchequer, faced angry protests in the Commons when they gave details of the Government's decision to blacklist the company for breaching the 5 per cent guideline with its 17 per cent wage settlement.

The immediate question now facing Mr. Callaghan is whether he can carry his controversial policies in a Commons vote on the issue of sanctions expected next week.

Ministers were already making it clear last night that they would not regard the vote as one of confidence, but defeat, or even a close result, would be a humiliation.

Ministers have made every effort since winning the division in the Queen's Speech to keep the political temperature as low as possible through the winter, so that Mr. Callaghan could choose the timing of a general election next year.

The blacklisting of Ford has brought an end to this tactic and given the Opposition the issue they were seeking to harry Mr. Callaghan's minority administration.

The Conservative onslaught on what Mrs. Margaret Thatcher called "the blatant injustice" against Ford was predictable, but what was more worrying for Ministers was the attitude of many Labour back-benchers, particularly from the Left of the party and those with trade union affiliations.

Several declared they could not support a policy that had been rejected decisively by the TUC and the Labour Party conference, and claimed later that they would abstain in any Commons division.

Mr. Callaghan emphasised that the Governments' decision had been taken because of its determination to keep inflation down. "There is an overriding national interest here, and we are not ready to see the big fish get away while we only catch tiddlers," he declared.

The Government was going to pursue its 5 per cent pay policy for as long as it continued to have public support, and he claimed that everybody who broke the guideline would be treated in the same way.

"Public support at the moment is overwhelming, and public support does not want to see exceptions just because a company is large or a multi-national."

In spite of the Commons fury, there was a widespread belief among MPs that the Government felt obliged to take action against Ford to prevent a total breakdown of its battered incomes policy, but that Ministers were anxious to minimise the impact of sanctions as far as possible.

Mrs. Thatcher told the Prime Minister Ford had already suffered the worst strike in its history because it tried to support the rigid 5 per cent pay policy, but it also had one of the best records in Britain for providing jobs, investment and exports. The Government's decision could only damage all three.

Mr Callaghan's argument in response was that if other companies paid increases of 17 per cent to their employees, Ford would not be able to hold its prices for very long. The cost of its cars would go up substantially whether it wanted them to or not.

In a later exchange, Mr. Callaghan declared that he did not think the company was either guilty or innocent in this matter; nor was it being punished.

"Ford is only an example of the nation's dilemma, about which people have got to make up their minds—do they want prices kept down or not?"

A related argument used later by Mr. Healey was that the Government could not have allowed a breach of such size without betraying the confidence of the half million workers who had already settled within the Government's guideline.

Such a policy would have led in many cases to re-negotiation of agreements.

One of the most effective

Continued on Back Page
Parliament Page 8

How the sanctions will bite

GOVERNMENT SANCTIONS against Ford fall into two distinct categories—the purchase of Ford vehicles and the granting of Government financial assistance. The sanctions will be embodied in requests from the Government to the relevant state agencies, rather than direct instructions. They contain an element of flexibility in both categories.

1—Government departments are asked not to place future contracts with Ford unless the product is vitally important and there are no alternative suppliers. The nationalised industries are invited to follow the same policy.

This is the sanction which will bite hardest, particularly as far as Government departments are concerned. It is expected that, if necessary, they will postpone contracts for the duration of sanctions rather than place them with Ford.

The request excludes engines and spare parts where alternative supplies are not available. The response of the nationalised industries is less certain, as they have been invited only to consider Ford's breach of pay policy in placing their contracts.

On existing contracts, Government departments are being asked to terminate them where a clause on the breach of pay policy is included in the contract. These clauses have been inserted into public contracts only since March. The extent to which this request is met will depend to some extent on legal interpretation of the various contracts.

2—Discretionary Government financial assistance to Ford will be assessed in the light of the company's breach of the pay guidelines. Such financial assistance falls mainly into three areas:

- Grants under sections 7 and 8 of the Industry Act, 1972, where Ford would be eligible for consideration when making investments in development areas. Financial assistance which has already been agreed to—and this covers the Bridgend engine plant and associated developments at Halewood—will not be affected.
- Assistance under Section 2 of the Export Credits Guarantee Act. Section 2 allows the Trade Secretary to take breaches of pay policy into consideration when determining whether assistance shall be granted.
- Temporary employment subsidy: Companies are eligible to claim TES from the Government where they are keeping employees on the payroll who might otherwise have been made redundant. Ford is not thought to be receiving much assistance of this type.

Bank governor in call for audit committees

BY NICHOLAS COLCHESTER

BRITISH - QUOTED companies should set up audit committees on their boards to help non-executive directors do an effective job, Mr. Gordon Richardson, governor of the Bank of England, told the Institute of Directors, last night.

He also said institutional investors should make sure companies in which they hold shares are well-managed.

The governor revealed scepticism towards the proposals of the Bullock Committee to introduce worker representatives on to company boards. He said it might well prove unworkable "if different directors felt themselves accountable to different groups." He did not see a case for worker directors whose only duty would be to employees.

Mr. Richardson traced the development of the British joint-stock company since its emergence in the middle of the last century. In doing so, he stated his position on many of the issues of company management which are now being debated—the relationship between banks and businesses, major shareholders and businesses, non-executive directors and company boards, and boards and employees.

He emerged in favour of institutional investors actively monitoring management performance. He said that they should "take care to ensure that directors are doing a good job." They should "ask for explanations and expect to receive them."

Talking of "means of fostering collective action," Mr. Richardson mentioned that "it may be appropriate to consider ways in which the role of the Institutional Shareholders Committee and Equity Capital for Industry might usefully evolve."

Turning to the banks, Mr. Richardson said creditors should also have a role in monitoring company performance. In particular he said companies should regard it as natural to give banks the information needed to monitor their performance. Instances where banks did not know the indebtedness of the companies, to which they were lending, suggested room for improvement.

Perhaps the most contentious point in the governor's speech was his endorsement of the idea of an audit committee—a group of non-executive directors which monitors a company's financial management.

Mr. Richardson spoke of experiences of the Bank of England "where, in a number of problem cases with which we have been involved, the likelihood of troubles being identified in good time might have been increased had an audit committee been in existence to help outside directors perform their function."

Mr. Richardson did not argue that such committees should be mandatory but felt that every quoted company should give them "serious consideration."

Echoing what is now emerging as an accepted view in the corporate establishment, Mr. Richardson said the inclusion of non-executive directors in company boards was "a highly desirable goal!"

Such directors could ensure that management's plans were subjected to "independent scrutiny," that management succession was "less incestuous" and that management was "seen to be accountable. Fiscal changes might be necessary to reward them sufficiently.

He was not, however, in favour of a two-tier board structure, or of a situation where non-executive directors formed a boardroom majority.

The Governor skirted "controversy" surrounding the relationship between directors and employees. He suggested an improved flow of information to workforces so they could judge the financial position.

He said: "The world in which we live is no longer one where authority is accepted in an unquestioned way. The commitment of employes has to be won by explanation and reasoning."

Editorial comment, Page 20

Beckett warns of 'serious and damaging' consequences

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

SIR TERENCE BECKETT warned the Government that the imposition of sanctions would be "far more serious and damaging" than it appeared to appreciate.

"The Government's decision proves beyond doubt that no company, no matter how efficient, can be sure of steering a rational course between the Government and the trade unions when they are at loggerheads."

Support for Ford came from Sir John Methven, director-general of the CBI, which will be having a meeting of its president's committee this afternoon to discuss the subject of sanctions. Sir Terence is a member of the 25-man committee.

Sir John said: "The CBI is totally opposed in principle to the use of sanctions by government to enforce its pay policy.

"It is particularly unfair and unjust to penalise companies which have suffered long and damaging strikes in support of that policy and against totally unreasonably claims."

Details of the sanctions were given to Ford's chairman yesterday morning at a short meeting with Ministers.

The meeting was followed by a short statement from the Treasury to the effect that in the Government's view, the Ford pay settlement "cannot be reconciled with the pay guidelines. The Government has informed the company of this and has expressed its regret."

In his statement, Sir Terence said: "It is astonishing to have sanctions imposed on one of the country's major economic winners when less successful companies are supported with public money."

Any assessment of the impact on Ford of the sanctions is fraught with uncertainties. Public sector contracts represented about £100m out of the company's total sales revenue last year of £2.25bn.

The exclusion of local authorities from the Government's sanctions request, plus other factors such as the state of existing contracts between the company and the public sector, indicate that the harm in terms of lost revenue is likely to be much less than £100m.

More important to Ford is that fleet contracts are a very competitive business and, once lost, can be difficult to regain. Furthermore, Ford's car sales have been buoyant over the past three years, but there is a distinct prospect that more difficult times lie ahead.

Further meetings with the Government are to be sought by Ford management to get elaboration on how the sanctions are expected to work, which will enable Ford to make a more accurate assessment of the damage they will cause.

Alan Pike writes: Mr. Terry Duffy, president of the Amalga-

Continued on Back Page

£ in New York

—	Nov. 28	Previous
Spot	$1.9455-9475	$1.9440-9460
1 month	0.23-0.14 dis	0.21-0.15 dis
3 months	1.01-0.93 dis	1.03-0.97 dis
12 months	[illegible] dis	4.00-3.80 dis

Inchcape makes extra £12m provision for Dutch subsidiary

BY ANDREW TAYLOR

INCHCAPE, THE British-based trading conglomerate, said last night that it expects to make a further provision of £12m on top of losses now totalling £7.5m incurred by its Dutch commodity trading subsidiary Harbon Holding.

In addition, a £5m provision was made last year. In the year to March 31, 1978, Harbon incurred a £1.5m loss.

Inchcape said yesterday that Harbon had incurred further losses totalling £6m during the current year. Ase a result Inchcape has made a number of senior management change at the subsidiary.

The group said that as a result of these actions the position of Harbon has been stabilised and the board is confident that the company will return to profitability.

Inchcape said that stringent operating limits, reporting controls and financial discipline had now been imposed on the Dutch company, where the £7.5m losses occurred during the past 18 months.

The group said the losses in the current year had been due largely to problems with a number of contracts entered into in previous years and also to difficulties arising from late shipments by several overseas suppliers.

Inchcape said that it had been necessary to close or revalue some of the contracts in question.

Before the latest problems emerged the group said it had been satisfied that its original £5m provision was adequate to cover losses from Harbon.

The latest provisions are to cover unrealised losses on uncompleted contracts and also to cover bad or doubtful debts. Inchcape said it considered that the provisions—now totalling £27m—would be adequate to cover all known contingencies.

The group added that it was making every possible effort to minimise losses.

In the year to March 31, 1978, the Inchcape group earned pre-tax profits of £62.3m—£11m less than the previous year.

Lex. Back Page

CONTENTS OF TODAY'S ISSUE

European news	2	Technical page	9	Intl. Companies	27-29
Overseas news	3	Management page	10	Euromarkets	27
American news	4	Arts page	19	Money and Exchanges	31
World trade news	4	Leader page	20	World markets	32
Home news—general	6-7	UK Companies	22-25	Farming, raw materials	33
—labour	8	Mining	24	UK stock market	34
—Parliament	8				

FEATURES

The Ruhr steel strike: German way goes wrong	20	Struggle for control of Spanish television	2	The unhappy lot of the independent chemist	30
Anxieties of Europe's pulp and paper makers	21	Japan's new premier: A man of patience	2	NZ lamb: Symptoms of conservatism	33
Gardens: Harvesting the lovely agapanthus	12	Turkish banks support the contractors	28	FT SURVEY Italian banking	13-18

Appointments	34	Gardening	12	Today's Events	21	ANNUAL STATEMENTS	
Base Rates	32	Letters	21	TV and Radio	12	Amber Day Hldgs.	24
Crossword	12	Lex	38	Unit Trusts	35	British Assets Tst.	24
Entertainment Guide	12	Lombard	12	Weather	38	Dana Corporation	22
European Opts.	34	Men and Matters	20	INTERIM STATEMENTS		Walter Lawrence	24
FT-Actuaries Indices	34	Racing	12	Brady Indust.	22	Yarrow and Co.	25
		Share Information	36-37				

For latest Share Index 'phone 01-246 8026

EUROPEAN NEWS

Italy finalising EMS position

By Rupert Cornwell

ROME, Nov. 28.

THE ITALIAN Government is engaged in a final flurry of consultations before settling its position for next week's meeting of the European Council in Brussels, which is expected to give the go-ahead for the planned European monetary system (EMS).

This evening Sig. Giulio Andreotti the Prime Minister, was holding a special Cabinet meeting which will be devoted largely to reviewing progress on the issue. Further talks with party leaders on the EMS are also a possibility before the weekend.

Earlier, Sig. Andreotti held talks in Rome with Mr. Roy Jenkins, President of the EEC Commission, as part of a series of pre-summit visits to major Common Market capitals. Yesterday, the Italian Premier also met Mr. Andreas Van Agt, the Dutch Prime Minister, and M. Gaston Thorn, his Luxembourg counterpart.

It is increasingly generally believed here that Italy will be among the starters, assuming the EMS begins operating in January, 1979, particularly now that the nine have reached agreement on special enlarged fluctuation margins for the lira. But Rome's prime concern at this stage is to secure as wide a backing as possible on accompanying measures in favour of the weaker countries, and the final Italian word on membership is unlikely until the Brussels summit.

Domestically, the Communists insist that Italy should consent to join the scheme only if it can wrestle real concessions on the economic front from its Community partners, the small Republican Party has threatened to pull out of the agreement under which—along with the Socialists, Social Democrats and Communists—it gives Parliamentary backing to the minority Christian Democrat Government, should Italy not participate.

In the background is a growing awareness that if Italy is to stay in the EMS the Government must produce proposals to implement the outline three-year recovery programme put forward by Sig. Filippo Pandolfi, the Treasury Minister. These are due by the end of the year.

Negotiations on Dutch wage contract fail

THE HAGUE, Nov. 28

TALKS BETWEEN the Dutch Government, unions and employers on a central wage agreement for next year failed late last night when the unions rejected new government proposals on social security payment curbs.

Mr. Willem Albeda, the Social Affairs Minister, told a news conference that he was disappointed by the attitude of the unions, since he believed they were adequate and provided the basis of a good social economic policy.

He hoped the unions would not carry out their threat of extra wage claims if the Government does not amend its overall plans to restrain the growth of public spending.

Mr. Chris van Steen, chairman of the VNO employers' organisation, said such claims would affect badly the profitability of Dutch companies.

Reuter

Reuter adds from Bonn: Mr. Jack Lynch, the Irish Prime Minister, said after talks today with Herr Helmut Schmidt, the West German Chancellor, that Ireland would decide next week whether to join the EMS.

Accord nearer on commodity fund

BY DAVID HOUSEGO

GENEVA, Nov. 28.

INDUSTRIALISED AND developing nations were nearer agreement tonight on the framework of the Common Fund to stabilise commodity prices. Delegates, however, pointed to major hurdles to be overcome before negotiations could be satisfactorily concluded.

Advance came with the improvement in the West's offer on the initial financing for the fund. A strong factor making for compromise—particularly in the positions being adopted by the United States and Japan—is the political repercussions on the North-South Dialogue of a further failure.

But behind the disputes of the last few days over the capital structure of the fund lie the divergent views of the West, which sees the new institution as a marginal financial facility, and the Third World, which is looking to a newer banking institution.

Under the proopsals being floated within the group of industrialised nations, direct contributions to the first window of the fund—the part to be devoted to buffer stocking—would amount to \$300m against \$400m sought by developing nations.

Member states would make an initial minimum equal cash contribution of \$500,000, the rest being raised on a weighted scale through capital on call or callable capital. In answer to objections from some of the smaller industrialised states that they could not afford more than \$200,000 each, the U.S. proposed that industrialised nations should decide themselves how to share the extra burden.

The U.S. also unexpectedly backed a Japanese proposal that would get round objections, on the financing of the second window for concessional lending to poorer states. Under the proposal, nations would be free to allocate part of their direct contribution to the stocking facility to the second window—giving it a proposed base of \$45m, with a total target of \$200m.

There was also an indication that industrialised states were prepared to accept that the initial deposits made by commodity associations with the Common Fund should be as low as 30 per cent of their maximum financial requirements.

APadds: Mr. Al Ullman, the chairman of the ways and means committee of the U.S. House of Representatives, today said he will introduce legislation to extend the countervailing duty waiver sought by the EEC as its price for concluding the Tokyo round talks.

Political crisis in Turkish Cyprus

By Metin Munir

ANKARA, Nov. 28.

THE SECOND major government crisis in two years awaits Mr. Rauf Denktash, President of the Turkish section of Cyprus, when he returns from a United Nations Security Council debate on the island this week.

The crisis could lead to the resignation of Mr. Osman Orek, the Turkish Cypriot Prime Minister, and an early election.

All nine members of Mr. Orek's Cabinet have resigned, apparently because of factional fighting within the ruling National Unity Party (NUP). Some resignations became effective immediately and others take effect on the return of Mr. Denktash, who formed the NUP and was elected President after its election victory in 1975 but whose position theoretically puts him above party politics.

Mr. Orek told the Financial Times that Mr. Denktash had told him on the telephone to hold the fort until he returned. After consultations, Mr. Orek may resign and urge the President to call an election. "I will keep all my options open until I confer with Mr. Denktash," he said.

The splintering of the NUP—with factions ranging from neo-Fascist to Social Democrat—since it swept to power in the 1975 election have made government difficult and forced the resignation of Mr. Nejat Konuk, the first Prime Minister, last spring. He complained that he was unable to govern because of conflict within the Cabinet and in the NUP group in the assembly.

The latest resignations appear to have the same cause. But in the background are the economic problems which have been growing since Turkish intervention on the island in 1974: inflation, unemployment, the trade deficit and a general feeling of despondency. The economy of the Turkish section has failed to take off, while that of the Greek Cypriot section has been booming.

The Turkish Government has made no comment on the crisis in its protege state. But a senior Foreign Ministry official said: "What is important is that the democratic mechanism is functioning. Governments may come and governments may go but the democratic system will live on—it will bear a solution."

Reuter adds from the United Nations: Leaders of the Greek and Turkish Cypriot communities were today under renewed pressure from the UN Security Council to resume negotiations which have been suspended since April last year.

Swedish industry draws up plan to increase expansion and jobs

BY WILLIAM DULLFORCE

STOCKHOLM, Nov. 28.

THE Federation of Swedish Industries yesterday submitted an 11-point programme to the Government to stimulate industrial expansion and increase employment. It said Sweden's position as a leading industrial nation is threatened after four years of declining industrial production and investment, stagnating productivity and the loss of foreign market shares.

The programme calls for a lowering of employers' social charges, cuts in the marginal rate of income tax and the abolition of double taxation on dividends from shares.

The federation also points to weaknesses in Sweden's trade agreement with the EEC, which is hurting particularly exports of steel and forestry products. Mr. Hans Stahle, the federation's chairman, is proposing that Sweden take advantage of the clause in the agreement opening the way for closer co-operation with the EEC countries.

The economy is showing signs of improvement in larger export orders, a reduction in the payments deficit and a lower inflation rate, he said. But the reduction in costs has been inadequate and Swedish industry has to be given the chance to regain market shares and restore profits.

The federation's specific proposals include increased Government spending on the motorway network and on modernising telecommunications. Hydro-electric and nuclear power projects should be speeded up.

Pollution control measures should not be forced on companies at the expense of investments based on business considerations, and anti-pollution spending has become far too heavy an item in many companies' accounts, says the federation.

Sweden's foreign aid programme should be more closely tied to orders for Swedish industry.

The federation wants legislation and Government employment subsidies amended to create greater labour mobility.

Carter 'has \$ priorities right'

BY ROBERT MAUTHNER

PARIS, Nov. 28.

TREASURY OFFICIALS and Central Bankers from the western industrialised nations ended a two-day meeting here today expressing general satisfaction at the measures taken by the U.S. to stabilise the dollar and reduce its payments deficit.

Though it is recognised that lower growth in the U.S. next year could have repercussions on the rest of the world, most delegates considered that these would not be too serious and that President Carter had got his priorities right.

Mr. Anthony Solomon, U.S. Treasury Under-Secretary responsible for international monetary affairs, said after the meeting of the OECD's Working Party Three that a particular source of satisfaction was that fundamental economic trends were now in the right direction.

The growth rates of the main industrialised countries were beginning to converge and there had been a significant improvement in the larger payments imbalances which had been a feature over the past few years.

For the first time since the recession of 1975, the U.S. expected to have a lower growth rate in 1979 than its major partners, Mr. Solomon said. There was still a significant gap, however, between official U.S. predictions and those of the OECD Secretariat and private forecasting institutes.

According to revised OECD estimates, GNP in the U.S. is expected to grow by little more than 2 per cent next year, while Mr. Solomon was still talking in terms of a 2.5 to 3 per cent growth rate.

On the basis of the OECD's growth forecast, the U.S. current deficit next year is expected to fall by more than half to some \$8bn, an estimate which assumes an OPEC oil price increase of 5 to 7 per cent.

The combined current surpluses of the OPEC countries are expected to be some \$3bn to \$5bn less than the earlier forecast of \$16bn, even if there is a moderate rise in oil prices next year.

Mr. Solomon said that Press reports of recent dollar support by Central Banks had greatly exaggerated the scale of intervention by the U.S. Federal Reserve, but he declined to give any figures.

● The appointment of M. Jean Francois-Poncet, currently Secretary-General of President Giscard d'Estaing's personal staff, as French Foreign Minister in succession to M. Louis de Guiringaud is expected to be announced tomorrow after the weekly Cabinet meeting.

Ship repair workers in Marseille, the main French centre for the industry, went back to work to-day after a majority vote last night to end a seven and a half week strike, David White writes from Paris. Unions are however seeking further negotiations before before agreeing to the overtime and weekend work considered necessary by employers dispute.

Eastern envoys still in Romania

VIENNA, Nov. 28.

THREE COMMUNIST ambassadors turned up at a Bucharest reception tonight, ending a flurry of reports that the Soviet bloc had recalled its senior diplomats from Romania.

The reports, starting in Belgrade and spreading rapidly in Eastern Europe, were officially denied in East Berlin and Warsaw. There was no comment from the Romanian Government.

The Czech, East German and Polish ambassadors appeared at a Yugoslav embassy party, Western diplomats reported. Mr. Vasily Drozdenko, the Soviet ambassador, was reported to have left Bucharest for Moscow several days ago—before President Nicolae Ceausescu, the Romanian leader, revealed a series of sharp differences with the Warsaw Pact.

Mr. Drozdenko was said by Soviet diplomats to have gone to Moscow for a Communist party central committee meeting. The Hungarian and Bulgarian ambassadors were reported to be in their own countries on official business.

Reuter

Paul Lendavi adds: Political observers expect a vigorous Soviet response to President Ceausescu's speech, but it is expected to take the form of a diplomatic note or a letter from the Soviet leadership.

Speaking to the army and police, Mr. Ceausescu said Romania will fulfil its commitments under the Warsaw Treaty and the bilateral mutual assistance pac with other Communist countries, but added that only the Romanian party and state bodies can commit the army to action. Even in a war of defence, if an ally were the victim of aggresion, the Romanian army would remain under national command.

Britain's attitude to EEC condemned

By Reginald Dale, European Editor

BRITAIN'S equivocal attitude towards the EEC came under piercing criticism in London yesterday from M. Gaston Thorn, the Prime Minister of Luxembourg. M. Thorn, one of Europe's youngest elder statesmen, said it was high time the UK, and in particular the Labour Party, faced the fact that it was not possible to be "in and out" of the Community at the same time.

Britain had for many years prevented progress towards European integration, M. Thorn told the London Europe Society. From the earliest beginnings in the 1950s, the UK had "missed every possible European train that it could not prevent from being put on the tracks and then tried every trick in the book to derail it or at least to switch it to a more convenient sideline."

In the 1960s, the argument among the Six over British membership had been a stumbling block to any meaningful progress in the Community. After accession in 1973, it was "a sad but real fact" that Britain itself had come to be regarded by many as the stumbling block.

Despite the Yes vote to EEC membership in the 1975 referendum, there had always been a more or less outspoken reservation that the British commitment to the Community was limited to what the UK could get out of it. Today, some people in Brtain, as in the 1950s, were still trying to dilute the Community into a vast free trade area.

Each member state must mount the best defence of its national interests, M. Thorn said. "But that does not mean that gains and losses are determined solely by an arithmetical operation between what you pay in and what you get out."

M. Thorn, who was in London to discuss the planned European Monetary System with Mr. James Callaghan, the Prime Minister, said he still hoped the UK would join the system at the very beginning. If not, it was important that the UK should express its agreement in principle, give the other countries the go-ahead and promise to join as soon as possible.

M. Thorn was scathing about the possibility that the Government might decide on a half-way house falling short of full participation. "You cannot claim solidarity in order to benefit from greater transfers of resources and then uphold your sovereign rights to fend off any idea of Community discipline with regard to your economic policy in general."

Commitment to the EMS must be irrevocable and genuine. "That sort of commitment, striking so close to the heart of your sovereignty, outdated as that concept in purely national terms maybe can only be undertaken by those determined to go all the way..."

M. Thorn accepted that obligations and advantages should be balanced and that the present imbalances in the Community would have to be corrected. "But only those have a chance to be heard who are ready to play the game fully and to accept all its rules."

The EMS would require new more efficient methods of taking Community decisions, M. Thorn said. He did not doubt that these momentous political implications explained so many of the hesitations that had arisen all over the Community. The implication was that the Community would have to start taking more decisions by majority vote and make less use of the national veto.

MR. MASAYOSHI OHIRA

Japan's new premier: A man of patience with vital friends

BY CHARLES SMITH, TOKYO CORRESPONDENT

MR. MASAYOSHI OHIRA, who emerged yesterday as the surprise winner of the primary election for leadership of Japan's ruling Liberal Democratic Party and as Prime Minister-elect following Mr. Takeo Fukuda's decision not to pursue the leadership contest into the Diet is not the sort of man who would be very likely to make it to the top in a Western democracy.

Mr. Ohira is not an intellectual prodigy as Mr. Fukuda was reportedly felt to be in his early days as a Finance Ministry bureaucrat. Nor is he an obviously dynamic or aggressive indivdual. The Ohira style of politics is usually described as defensive and "consensus-seeking" in contrast to the politics of confrontation supposedly practised by Mr. Fukuda. Ohira, however, has demonstrated two very valuable qualities throughout his political career, neither of which Mr. Fukuda seems to possess in any great quantity. He has been able to build firm friendships with men who have subsequently turned out to be able to advance his leadership ambitions very significantly; and he has practised a virtue which the Japanese value highly: patience.

Mr. Ohira's political career began in 1952 when his boss in the Finance Ministry (where Mr. Ohira was a young bureaucrat of only middling promise) persuaded him to follow him out of the Ministry and into an election campaign for the Lower House of the Diet. The boss was Mr. Hayato Ikeda, subsequently Prime Minister, and also of the celebrated "income doubling plan" on which Japan embarked in the early 1960s (and about which Mr. Ohira appears to have had grave misgivings).

Ikeda died in 1964 bequeathing his factional support in the Diet to an ageing leader who was fairly promptly displaced in favour of the younger and more likeable Mr. Ohira. After that Mr. Ohira emerged as one of the "four strong men" in the Liberal Democratic Party (the others were: Messrs. Takeo Fukuda, Takeo Miki and Kakuei Tanaka) all of whom led major party factions and all of whom were admitted aspirants for party leadership. Mr. Ohira has had to wait till the last of the four to achieve his ambition, but that does not necessarily make his career less successful than those of his rivals.

The Ohira faction within the Liberal Democratic Party is the third largest, numbering 55 members in the Lower House compared with Mr. Fukuda's 78 adherents and the 75-strong and 43-strong Tanaka and Miki factions. (A fifth major faction led by Mr. Yasuhiro Nakasone who is still at least one jump away from the party leadership numbers 48 members.) Judging by the limited strength of his own following, which should logically be reflected beyond the Diet itself in the voting patterns of the 1.5m paid-up members of the LDP, Mr. Ohira would appear not to have had much chance of defeating Mr. Fukuda in the leadership election. The crucial factor in the Ohira victory on Monday, however, was the support of a second major faction, that led by Mr. Takeo Tanaka.

Mr. Tanaka, a sworn enemy of Prime Minister Fukuda whom he defeated in an allegedly corrupt leadership election in 1972, is an equally firm ally of Mr. Ohira (who refused to resign from Tanaka's Government when it was under fire from most other sections of the party in 1974).

It was Tanaka money and Tanaka organisation as well as the voting strength of the Tanaka faction both inside the Diet and among the party membership which appears to have put Mr. Ohira past the post—to the surprise of himself and of almost everyone else involved in the election.

The first and most crucial question about the Ohira premiership will be whether or not Mr. Fukuda will agree to co-operate with the new Government by allowing or encouraging members of his faction to take posts in the Cabinet. Refusal to do so would effectively hamstring the new Government, but would also, in all probability, make Mr. Fukuda highly unpopular with his own followers who will naturally be anxious for a taste of power.

The second set of questions concerns Mr. Ohira's personal style of leadership. Ohira and Fukuda share the same background and the same political traditions, both being members of the so-called "mainstream" of Japanese conservative party politics which draws its inspiration from Mr. Yoshida, Japan's greatest post-war leader. The joint tradition stresses firm links with the West (especially the U.S.) and an unyielding commitment to a market economy, but beyond this there is and will be scope for difference.

Mr. Ohira will make less effort as Prime Minister to appear to be "masterminding" Japan's economic recovery (but may make more effort to bridge differences of opinion on economic policy between the bureaucracy and the business world). In international relations he will be less likely to spawn new "doctrines" such as Mr. Fukuda's doctrine of "heart to heart relations" with South-east Asia but equally or more adept at threading his way through tricky diplomatic problems (such as how to improve relations with China without causing undue offence to the Soviet Union). In domestic politics there will be more stress under Mr. Ohira on achieving an understanding between Government and Opposition—something that seems necessary in view of the slim majority of the Liberal Democratic Party—and probably less haste to call the next election.

Mr. Ohira is a Christian, active in the Salvation Army in his student days, and is said still much given to reading the Bible (which in turn reflects what appears to be a voracious reading habit in general). He is an incompetent but patient player of several sports including golf, where an associate says he is "quite good at rolling the ball along the ground but not so good at getting it off the ground." He once defended the Liberal Democratic Party against a critic who accused it of recruiting too many "TV talents" as female Diet members by remarking that even the party's male Diet members needed their share of "talent" and that his was his smile. (The smile that followed convinced most of his audience that he had a point.)

His characteristic modesty was illustrated on election day when he held a Press conference in front of a luck "Daruma" doll which had not yet had its left eye blacked in—as should have been done in accordance with the Japanese custom, which prescribes that the eyes should be blacked if, but only if, a wish is fulfilled. Mr. Ohira is liked and respected by most people in Japan.

Pledge on U.S. relations

TOKYO, Nov. 28.

MASAYOSHI OHIRA, Japan's next Prime Minister, said today friendship with the United would remain the cornerstone of his foreign policy.

In a policy outline statement for members of his ruling Liberal Democratic Party, he said Japan should maintain its defence partnership with the United States.

"It is quite important for Japan, the United States and Western Europe to maintain mutual understanding and continous friendly relations," said Mr. Ohira who defeated Prime Minister Takeo Fukuda yesterday in a preliminary election for party president.

He said Japan should extend economic co-operation with its neighbours in the Pacific and called for a meeting of foreign ministers from the area to be held before a western economic summit in Tokyo next June.

Mr. Ohira, 68, a former finance and foreign minister, will be designated Prime Minister by a special session of parliament next week.

The Ministry of Finance said it would be extremely difficult to complete drafting the 1979 fiscal budget by the end of the year because of the expected naming of Mr. Ohira as Prime Minister.

MOF officials attributed the delay to the special session of the Diet, which will be called in mid-December, and the possibility that Ohira may want to alter the draft.

Reuter

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PUBLIC ACCOUNTABILITY IN THE MEDIA

Struggle for control of Spanish television

BY ROBERT GRAHAM IN MADRID

IN A country where over half the population buys no books and reads no magazines or newspapers, the state-owned television is a formidable means of influencing public opinion and political control. Its blatant use by the Government for this purpose continues to be one of the more obvious ways in which Spain's new-found democracy has yet to operate.

Despite opposition protests and a protracted dispute to endow Radio Television Espanola (RTVE) with a new and autonomous legal status, it remains a tool in the hands of the Government and the ruling party, Union de Centro Democratico (UCD).

When Madrid was buzzing with excitement over Press revelations of an abortive scheme by disgruntled Right-wing police and military officers to seize the cabinet, RTVE ignored the subject. The newscasts concentrated on the King's state visit to Mexico.

Again, when the main political parties staged a large-scale demonstration in Madrid as part of a countrywide protest against terrorism, the cameras focused on the banners of the UCD participants, as though they were the main force there.

A more obvious instance of the manipulation of TV coverage was the UCD congress, which it turned into a state event. The opening and closing speeches of Sr. Adolfo Suarez, party leader and Prime Minister, were offered in full to viewers and repeated throughout the day's newscasts, culminating in the shoving aside for half an hour of James Dean in the film "East of Eden" on Saturday night prime time. No explanation was given, although the assumption was that the Premier's speech was of national significance.

There are countless petty incidents which opponents of the existing RTVE framework will cite—dickering with programme times, removal of programmes, failure to show live film, internal corruption and a censorious attitude towards morality. But the basic criticism at the heart of a tough political battle over the future of television is that the Government uses it to promote its own and party interests.

The Government attitude appears cynical: that whoever holds the reigns of power can tamper with the state-run media for his own benefit. This is further backed by the plausible but dangerous argument that in a moment of delicate transition from dictatorship to democracy the Government needs to have a say in what is presented to viewers, and how.

RTVE incorporates the state-run radio network, Radio Nacional, national television with its two channels and the regional networks. It comes under the aegis of the Ministry of Culture, the new name for the Ministry of Information of General Franco's day. The Government's ties are less obvious than under the dictatorship but the umbilical cord connecting the two has not been cut.

This is partly because the staff are very much the same as before, when the upper echelons were used as a grace and favour receptacle with key jobs being filled by nominees of the administration (Sr. Suarez was a former director of RTVE).

Sr. Suarez has ensured that the top posts are still staffed by trusted lieutenants. Until August, RTVE was run by Sr. Rafael Anson, who, with his brother, Luis, at the head of the national news agency, EFE, provided a powerful tandem in the media. Sr. Rafael Arias Sallado, the brother of the new boss, Sr. Fernando Arias Salgado, holds the key position of secretary-general of UCD.

When Sr. Fernando Arias Salgado was appointed this summer it was rumoured that the Prime Minister was merely carrying out a cosmetic operation to head off criticism of RTVE while maintaining a loyal figure there in anticipation of the constitutional referendum and municipal elections. The Government has done little to invalidate this impression, nor has RTVE.

Despite Spain's achievements in transforming itself from a dictatorship to a democracy, the powerful state-owned television service continues to act as a propaganda arm of the Government and ruling party. Official proposals for giving the service a new status have been put forward, but are running into opposition from critics who consider that the changes do not guarantee the elimination of political control.

The Government is doing its best to steamroller through its own project for a statute on the legal status of RTVE. It already controls the majority allegiance of the RTVE governing council and could probably rally enough support from the minority parties to see the statute through Parliament.

The UCD is proposing that RTVE be broken up into three state bodies to cover television, national and local radio. The independence and objectivity of each would be guaranteed by law and monitored by a special parliamentary commission. There is no suggestion that private commercial television be permitted despite opposition suspicions.

The main opposition to this proposal comes from the Communist and Socialist Parties. The Communists believe that on principle the state TV should carry no commercial advertisements (the present system of advertisements should be phased out, they say). They want funding from direct state subsidy and reject UCD proposals for licence fees which are likely to be introduced next year. However, the real wish of the Left is for more coverage of its own activities and viewpoints.

In addition, there is genuine concern that viewers are getting poor value for money. In crude terms, RTVE spends on television and radio just under half the BBC's annual budget. Yet it employs only one-third of the staff and provides a quarter of the BBC's services. The comparison is not entirely just because RTVE must make certain capital investments on transmission facilities which in the UK would be covered by the Post Office. This said, RTVE by all accounts is expensively run. RTVE spends £280,000 a year on competition prizes alone.

This year the RTVE budget totals Pta 19.19bn (£137m), of which 47 per cent is devoted to programme costs, 26 per cent to expenditure on staff. Of the remainder, 25 per cent is earmarked for investments. For this outlay the viewer has 10 hours viewing on channel one and six on channel two.

The programmes, mostly black and white, rely on liberal dosages of sport (mainly football), quizzes, a few tame, home-grown serials, and standard import items like Starsky and Hutch. It is basically light entertainment and provides little attempt to enlighten Spaniards about their own country. It ignores controversial issues like Basque nationalism and regional autonomy preferring the line of least resistance. Meanwhile, some 30 per cent of all programmes are imported, mostly from the U.S.

RTVE's critics maintain that the cost of providing such an indifferent fare for the viewer is unnecessarily high.

(Senior executives asked to explain and answer these criticisms all claimed to be too busy to do so). To produce one hour of television currently costs Pta 680,000. But it is less this that catches the eye of RTVE's critics than the overall personnel costs. Wage costs of salaried and part-time employees have risen from Pta 4.39bn in 1976 to Pta 10.97bn this year. In the space of one year, the number of staff has risen by 1,200 to 8,000 largely because many former part-time employees got themselves onto the full-time staff.

The Ministry of Finance objected to such an increase in the wage bill this year but RTVE was nevertheless able to obtain a special Treasury grant to cover the extra cost. The trouble is that RTVE has never needed to observe finanical discipline. Those running it have known they they could always dip into state funds without challenge.

Direct state subsidies are this year projected to cover 20 per cent of expenditure while 68 per cent is covered by advertising revenues. Such dependence on advertising has not helped financial planning. If advertising revenue falls, then the difference has to be covered with extra state funds. Hence the Communist desire to rely on state subsidies for the bulk of revenue. As it is, some 15 per cent of total advertising time is taken up by unpaid Government publicity.

Advertising on both channels takes up no more than 4 per cent of total viewing time, which is low by European standards. But this low percentage is deceptive since the bulk of advertising is concentrated in prime time. Here again, the guidelines for control are vague and the means of control not very independent. Advertising is currently monitored by a joint Board consisting of representatives of the advertisers, RTVE and the Ministry of Culture. There is no public accountability.

Public accountability is the principle that RTVE's critics are most anxious to have written clearly into its new statutes.

OVERSEAS NEWS

Iran concessions coupled with ban on processions

TEHRAN, Nov. 28.

IRAN'S military-led Government today made a major concession to the country's Shi'ite Moslem leaders, but banned religious processions next month which could lead to fresh violence.

The Government announced that it would revise all laws which were against Islamic principles and said Shi'ite leaders, the Ayatollahs, would give guidance on religious issues in future law-making.

But in a separate announcement, General Gholamreza Azhari, the Prime Minister, said processions would not be allowed in big cities during the next two months. In traditional processions, Shi'ite Moslems march through the streets, sometimes flailing themselves, in mourning for the death in battle of Hussein, grandson of the prophet Mohammed. Only mourning meetings which had prior permission from the authorities would be held, Gen. Azhari said.

The ban is clearly aimed at averting violence during the mourning months of Moharram and Safar, starting next Saturday, and especially on December 11, the anniversary of Hussein's death.

After several outbursts of political violence this year in which more than 1,000 people have died, there have been widespread fears of more bloodshed during Moharram. Many foreigners working in Iran are planning to leave the country or send their families abroad before December 11.

Some religious leaders have been in the forefront of opposition to the Shah's rule. His chief religious opponent, the exiled Ayatollah Ruhollah Khomeiny, has become the movement's figurehead. Religious leaders have been demanding greater prominence for Islamic tenets in Iranian legislation and government.

Meanwhile, Iran has protested to Britain about what the state-owned Iranian radio calls the "spiteful attitude" of the BBC Persian service. Radio Iran quoted the Foreign Ministry as saying a protest Note was handed yesterday to Sir Anthony Parsons, the British Ambassador.

The protest comes after strong criticism by Iranian officials of commentaries in the BBC's Persian language service, which is regarded by many Iranians as their main source of news on day-to-day developments.

Reuter

Smith states conditions for all-party talks

BY TONY HAWKINS

SALISBURY, Nov. 28.

RHODESIAN PRIME Minister Ian Smith said today that there was "nothing to discuss" with the British envoy Mr. Cledwyn Hughes, due here next week, apart from the time and venue for an all-party conference.

Talking to newsmen after the routine weekly meeting of the biracial Executive Council, Mr. Smith again stressed that Rhodesia was prepared to enter into talks on a "no preconditions basis"—a demand already rejected by the guerrilla patriotic front. The Rev. Sithole, leader of Zanu in Rhodesia, said that even if talks were held he did not expect them to get anywhere. Mr. Hughes is due in the Rhodesian capital next Monday. Mr. Smith said he had more faith in the internal settlement than in the Anglo American framework

● Michael Holman in Lusaka reports: Mr. Joshua Nkomo, co-leader of the Patriotic Front, will inform Mr. Hughes that "the all-party conference is dead and buried. The only solution is armed struggle."

Mr. Hughes, who arrived in Tanzania today on the first leg of his journey, is expected in Lusaka later this week, possibly on Thursday.

Speaking in an interview this afternoon, Mr. Nkomo, who returned yesterday from a visit to Cuba, said he would see the British envoy, but simply to tell him, as he had publicly declared in the past, that the proposal for an all-party conference was dead and buried.

"I don't think Smith needs any more talking. What he has to do is to make a statement saying that he is giving up," Mr. Nkomo said. The Rhodesian administration was "completely finished" and once Mr. Smith made such a declaration, Britain could arrange for the hand-over of power to the Patriotic Front.

Poster campaign defended as people's right

PEKING, Nov. 28.

THE CHINESE PRESS today quoted Teng Hsiao-Ping, Senior Vice-Premier, as expressing his support for the outbreak of free speech in Peking. But he also emphasised the unity of the Communist Party leadership.

In the first reference to the wall-poster campaign, which has been going on for 10 days, the newspapers quoted Mr. Teng as saying: "To write big-character posters is allowed by our country's constitution. We have no right to deny this or to criticise the masses for making use of democracy and putting up big-character posters. If the masses feel some anger, we must let them express it."

The newspapers said Mr. Teng made his remarks in interviews with Japanese politicians and a U.S. newspaper columnist over the past two days. But he was also quoted as telling them: "Present-day China is stable and united, concentrating on the four modernisations—of agriculture, industry, science and technology, and the military.

"The party central committee headed by Comrade Hua Kuo-feng is united and fully confident of carrying through the four modernisations."

Commenting on the content of the wallposters in Peking's main street, some of which have criticised the Mao Tse-tung by name and have contained veiled criticism of Chairman Hua Kuo-feng, Mr. Teng said: "Not all the opinions of the masses are carefully thought out. Nor can we demand that they all be correct."

Today was the first for over a week that a controversial poster has not appeared on what has come to be known as "Democracy Wall."

Some diplomats interpreted the Vice-Premier's statements as designed to end speculation outside China of a major split in the leadership.

But the Vice-Premier is clearly the hero of a poster campaign which has as its target others in the leadership, including one of the other three Communist Party vice-chairmen alongside Mr. Teng—the security chief, Mr. Wang Tung-hsing.

Mr. Wang commanded Chairman Mao's bodyguard and is believed to control the secret police, a job he took over from Chairman Hua.

Reuter

The enigma of Teng Hsiao-ping

BY COLINA MacDOUGALL

SO TENG HSIAO-PING has already turned down the Premiership, not once but twice. We have his own words as evidence, as reported by Mr. Robert Novak, the American journalist. Teng considers that some of the posters criticising the late Chairman Mao Tse-tung have "gone too far." He has implied his support for Hua Kuo-feng, the present Chairman, and he wants China to work for "stability and unity."

A distinguished British China-watcher once commented: "The Chinese regard words as pieces to be moved about the chessboard of life." It is certainly true that within the last 12 years most public Chinese statements about personalities and the course of events within China have been deliberately misleading. Should we believe Teng, an interested party, when what seems to be a power struggle is still being fought at a meeting of the Chinese leadership?

At 75, Teng has had a tougher life than most. A revolutionary career was followed by high party office in the 1950s, dismissal, humiliation and probably physical maltreatment in the 1960s. Restoration in the 1970s ended in a repeat villification campaign in the Press, and sacking after the Tien An Men riot in 1976.

Dr. Kissinger, the former U.S. Secretary of State, has called him a "nasty little man." Others more politely refer to him as "abrasive." His patriotism has never been questioned (which would make sense of his desire to see through China's colossal "four modernisations" plan), but he seems unlikely to forgive and forget those who humiliated him.

If these are the same men who are now quarrelling with the wholesale adoption of new policies, he has a double reason for wanting to be rid of them. He also has years of experience of how to do it, not least from having twice been on the receiving end.

But who is he trying to get rid of? Not Chairman Hua, he implies. The official view is that the posters and the excited crowds who have been milling round them and addressing foreigners in an unprecedented way are a beneficial outlet for people's democracy, though they may have overstepped the mark in criticising Chairman Mao.

But it is not easy to accept that the appearance of the posters and the crowds are totally spontaneous; the pattern of support for Teng and the type of criticism suggests a degree of orchestration behind the scenes.

That is not at odds with the evident enjoyment by the crowds with their new freedoms; the Red Guards also enjoyed themselves in 1967, though in their case political manipulation was a much more important factor. Teng at least is calling on support from people who genuinely want more intellectual and political freedom.

If there is more to the posters and the crowds than the official view allows, what is it? Teng evidently does not want the premiership, at least not on the terms on which it has been offered so far. Is he gunning for the party chairmanship, China's top post? Will an outmanoeuvred Chairman Hua retire gracefully?

Having regard to Hua's international position, Teng might feel it was not a good idea to upset the Yugoslavs and the Rumanians, who the Chairman visited during the summer, by relegating their erstwhile guest. The picture of instability which it would convey to governments, bankers and industrialists round the world might convince him that it was better to neutralise him instead of sending him on early retirement. Rather than Hua himself could it be that Teng would like to tidy away what he represents—a range of cadres who came to power unconstitutionally by stepping on Teng and other veterans?

Also in the leadership are men who came to power in the Cultural Revolution and may have played a much more active role than Hua in supporting Mao

Teng Hsiao-ping

and the Gang of Four. These would include Wang Tung-hsing, party vice-chairman and once Man's bodyguard, commander of the crack Peking army unit 8341 which was used to arrest the Gang in 1976. They might also include Chen Hsi-lien, commander of the Peking Military Region (though some unofficial reports said recently he had been replaced).

There are other appointees to the leadership of the Mao period who might also oppose Teng, but in the last resort it is probably the military ones that count. If they support the Cultural Revolution beneficiaries with troops, Teng cannot get them out of their jobs or override them in party meetings.

Hua himself is a provincial man. As a former Minister of Public Security he may have some support to draw on in the capital but it is more likely that he has to rely on shifting alliances with either older and wilier hands than he or on the relatively impotent younger Mao-chosen leaders.

The poster demonstration has shown that Teng has considerable popular support. The ease and speed with which he has put through policies in the past year or so show that he also has a great deal of bureaucratic support. In addition, there is a strong military faction in favour of modernisation and imported weapons, and these men, too, are on his side.

He seems to be wrestling with a minority, although a powerful one, whose leaders may be dismissed during the leadership meeting currently in session. That elimination process will have been helped by calling some of his supporters out on to the streets. All over China the meaning of that will be clear, and officials will adjust their positions accordingly.

Although from what is known of Teng's character it seems unlikely, he might be prepared to settle for ousting the important opposition while sticking with Chairman Hua. Honour would have been satisfied, and his obstructive critics in the Politburo and elsewhere silenced.

On the other hand, the idea that Teng might want the ultimate authority of the Chairmanship cannot be discarded. Even if he says he does not, too many Chinese leaders have said the opposite of what they mean for this to be taken as a convincing denial.

Amin claims Tanzanian invasion

By John Worrall

NAIROBI, Nov. 28.

WHILE NO actual fighting is being reported, President Amin of Uganda today sent telegrams to Dr. Kurt Waldheim, the UN Secretary General, and President Nimeiry, Chairman of the OAU, protesting that Tanzanian troops had captured the border town of Mukuila and were advancing into Uganda.

Diplomatic sources confirmed that the Tanzanians were moving along the tarmac road on the west of Lake Victoria towards Masaka, 55 miles from the border, and Kampala, about 100 miles further on.

The Tanzanians are also reported to be shelling across the border. There is no confirmation of the report that the force numbers 10,000 men.

Ethiopians 'mop up'

Ethiopian troops have recaptured the town of Keren, the last major town held by guerrillas fighting for the independence of Eritrea, James Buxton writes. In Nairobi, the Ethiopian ambassador said that Ethiopian troops were now mopping up throughout the northern province of Ethiopia. The attack on Keren had been from the direction of Agordat and Barentu, he said.

Thai 'No' to refugees

Thailand will not accept any more refugees and will set seaworthy craft back to open waters after necessary repairs and re-supplies, Mr. Kriangsak Chomanan, the Thai Prime Minister, was quoted as saying by the Bangkok Post today, Richard Nations writes from Bangkok. Prevailing weather is expected to be carrying an unknown number of Vietnamese refugee boats towards the Gulf of Thailand.

Oil search ends

The search for oil off New Zealand was officially abandoned yesterday after four years. Ten holes have been drilled at a cost of many millions of dollars, Reuter reports from Nelson. Aquitaine, the French Government-owned company operating the rig, Penrod 74, north of Nelson has announced that the well is dry and will be plugged.

Cyclone toll

A cyclone which devastated a wide area of Sri Lanka last week killed 1,000 people on the eastern coast alone, Reuter reports from Colombo. Mr. K. W. Devanayagam, the Justice Minister, said after a tour of the area: "There is not a roof over any of the few remaining buildings."

Prohibition riot

The arrest of four people accused of breaking prohibition laws in Madras, south India, led to a mob attack on a police station in which 11 people were hurt, AP reports from New Delhi.

Soviet, Syrian arms discord

By Ihsan Hijazi

BEIRUT, Nov. 28.

A DISAGREEMENT between Syria and the Soviet Union over future military deliveries to the Syrian armed forces is more basic than has been intimated so far, according to informed diplomatic sources here.

Moscow and Damascus have failed to see eye to eye on a common interpretation of Syria's proposal on reestablishing the balance of power in the Middle East after Egypt's exit from the confrontation with Israel. News of the difference became public when Major General Hikmat Chehabi, the Syrian chief of staff, last week cut short a visit to Moscow and returned home three days ahead of schedule.

Although neither Syrian nor Soviet officials have spoken about the conflict publicly, the state-controlled Press in Damascus during the past few days has printed editorials pointing out that solidarity with Syria can best be expressed by helping it re-establish a balance of power with the Israeli enemy. "Anything less will make all talk about a just peace in the Middle East mere rhetoric," the Government newspaper Tichrin has pointed out. Syria needs the kind of "military" assistance that was granted in the past to Cuba and Vietnam."

Syria was reported to be asking for a large number of the advanced MiG-27 fighter jets and a more sophisticated defence system to go with them.

Mr. Ahmed Iskandar, the Syrian Information Minister, had earlier said that Damascus measures the friendship of foreign powers by their readiness to help it attain a strategic balance with Israel.

It would appear that Syrian officials had pinned a great deal of hope on a Soviet promise to raise Syria's defence capability. The promise was included in a joint communique which was issued by President Hafez Assad and President Leonid Brezhnev when they met in Moscow last September.

Damascus interpreted the declaration as an expression of Soviet intention to provide Syria with more sophisticated weapons to match the arms Israel was getting from the U.S.

It was with this assumption that General Chehabi went to Moscow, but the Soviet side at the talks said that its instructions were merely to discuss fulfilling old arms contracts with Syria.

Informed sources said the disagreement will have to be sorted out when President Assad visits Moscow again, which is expected to be about the middle of next month.

AMERICAN NEWS

U.S. inflation up again in October

BY JUREK MARTIN WASHINGTON, Nov. 28.

THERE WAS no relief for the Administration today in the latest inflation figures, which showed that consumer prices had risen by 0.8 per cent last month, the same as in September.

The main causes were once again food and housing. The food index went up by 0.8 per cent, a smaller advance than that recorded earlier this year but well above the performance of the summer months. In September, the food component had risen by 0.5 per cent.

The housing index went up by 1.0 per cent, slightly more than in the previous three months. This is only partly accounted for by the recent rise in interest rates, as many mortgage rates have yet to be raised to the levels prevalent in the money markets. More significant contributions were made from the sharp surge in house prices and the cost of home maintenance and repairs.

The October figures mean that consumer prices have gone up over the last 12 months by 8.9 per cent: over the last quarter they have risen at an annual compounded rate of 8.8 per cent.

The quickening pace of inflation since the summer has also meant that the real spendable earnings of the American worker have declined: in October they fell by 0.1 per cent, the fifth decline in the last six months, and over the last 12 months by 3.6 per cent (though nearly half of this fall was accounted for by a changed method of calculation for the 1977-78 tax reduction).

Nonetheless the fall in real earnings has obvious implications for the Administration as it seeks to persuade organised labour to abide by its voluntary 7 per cent pay guidelines.

Both the domestic stock and foreign exchange markets have been awaiting the new set of economic statistics with some interest: today, the stock market in New York moved little in the wake of the consumer price figures: the foreign exchange markets similarly showed little immediate response, but will be watching tomorrow's report on the trade balance with great care.

Meanwhile, President Carter himself renewed his commitment to budgetary austerity in a speech yesterday in St. Louis to the nation's mayors—who, with good reason, have feared that they would be obliged to bear the brunt of fiscal austerity.

But Mr. Carter assured them that they would not be singled out for worse treatment than any other sector, and that even the defence budget, which, at least in its international aspects, he wishes to increase by 3 per cent in accordance with his pledge to NATO would not be exempt from scrutiny.

He also urged the mayors to apply the same sanctions that the Federal Government has promised to use against companies which raise prices in excess of the voluntary guidelines—principally by refusing to buy from them.

Nicaragua mediators' warning

MANAGUA, Nov. 28.

INTERNATIONAL mediators trying to avert fresh violence in Nicaragua say they will pull out within 72 hours if he Government and the Opposition cannot agree to discuss conciliation proposals.

The mediators, from the U.S., Guatemala and the Dominican Republic, have proposed a plebiscite to determine if Gen. Anastasio Somoza, the President, should resign and go into exile, as the Opposition Broad Front (FAO) demands, or serve out his term to May, 1981, which he says he is determined to do.

Both Gen. Somoza and the FAO have already said they reject this idea, but the mediators apparently still believe they may change their minds, observers said.

But if they did not agree on something within 72 hours, the mediators would go home, they said in a statement yesterday.

There was no sign during the day of the new offensive to oust Gen. Somoza promised by the left-wing Sandinist guerrillas.

The National Guard reported pinprick attacks on patrols, and skirmishes yesterday near the Costa Rican frontier with international volunteers recruited by the Sandinists, but said there was no major action.

In the cities, tension remained high and there were more armed robberies by Sandinist supporters gathering cash and guns for the coming battle.

Gen. Somoza's Administration appeared to be under intense domestic and international pressure, but the President was apparently still defiant.

Some commentators believe the state of the economy might prove decisive. Nicaragua has already been denied a $20m credit by the International Monetary Fund and the Central American Monetary Fund, and is asking foreign banks to renegotiate loan terms.

Economists here believe that even when coffee and cotton crops are sold next year, there may be a lack of dollars to buy raw materials and capital goods for industry. Reuter

World Bank says success ratio high

By David Buchan

WASHINGTON, Nov. 28.

THE WORLD BANK today claimed that more than 91 per cent of some 109 of its completed aid projects, examined in an internal audit last year, had proved successful. The total projects represented an investment of $8.5bn, with the bank and its soft loan arm, the International Development Agency (IDA), contributing $2.2bn.

The success ratio is about the same as that claimed in a similar audit taken of some 70 earlier projects and published in February. Mr. Mervin Wiener, director of the bank's evaluation programme, claimed today that the audit was independent in the sense that he was not responsible to the bank management, but to its directors, that is the 133 shareholding governments.

The audit, published today, is remarkably anodyne, since, at the insistence of member governments, specific projects and countries have not been named.

Of the 109 projects examined in 1977, two were not completed and World Bank loans for them were cancelled. A further nine yielded results that were either "uncertain or unsatisfactory." However, of the 58 projects that were originally thought capable of earning an economic rate of return (as opposed to meeting social or other needs), 52 yielded a return of 10 per cent or more.

ICC adopts a tougher attitude on trucking industry rate increases

BY JOHN WYLES NEW YORK, Nov. 28.

THE OUTLINE of the Carter Administration's tougher attitude towards the trucking industry, whose pay negotiations with the Teamsters are a vital test of the anti-inflation policy, has started to emerge, with a new ruling on freight rates from the Interstate Commerce Commission (ICC).

The ICC, considering an application for a 6.2 per cent rate increase by carriers in the southern states, has for the first time imposed a standard based on the return on shareholders' equity. Traditionally, increases in trucking rates have been considered on the basis of allowable cost increases, although the Civil Aeronautics Board has for many years used a 12 per cent return on stockholders' equity as its standard for the airline industry.

In deciding that the southern carriers can have a 3.5 per cent increase in rates, yielding a 14 per cent return on equity, the ICC is not only vigorously implementing President Carter's anti-inflation policy on prices, but is also making it more difficult for these companies to finance a policy-breaching settlement with the Teamsters. Negotiations with the union start next month, and the eventual settlement, covering 400,000 drivers, has the power to make or break the President's pay and prices guidelines. The ICC has already made it clear that trucking companies will not be able to recoup the costs of a settlement outside the pay guidelines.

The 14 per cent figure is in line with the 14.2 per cent rate of return for all manufacturing companies in 1977 reported by the Federal Trade Commission.

FTC investigates claims of unfair petrol rationing

BY DAVID LASCELLES NEW YORK, Nov. 28.

SHORTAGES ON the U.S. fuel markets have resulted in allegations that a big oil company is unfairly rationing supplies, and that others are overcharging for heating oil.

The Federal Trade Commission said today it was gathering information to investigate charges that Shell was restricting supplies of the much sought-after unleaded petrol on the East coast. The charges, made by three Congressmen, question whether such practices, if true, would conform to the U.S. anti-trust laws.

The Congressmen say Shell is compelling filling station operators to buy leaded petrol as a condition for being supplied with the unleaded fuel.

A Shell spokesman today denied the charges, but said that, because of refinery breakdowns, the company was short of unleaded petrol. There had been instances where stations had had difficulty obtaining the quantity of fuel they wanted. "The problem has eased now."

The Energy Department has also said that oil refiners have been overcharging for No. 2 home heating fuel, the main domestic heating oil whose price has risen sharply this winter. A Department report, tracing movements in the price of the fuel since the middle of 1976, said the rises "raise serious questions as to the adequacy of competitive forces at the refiner level."

But although the Department hinted that price controls may have to be reimposed, it ordered further investigations into the problem before deciding what action is necessary.

Sharp rise in U.S. construction

U.S. construction contracts rose by 14 per cent in value in October, to $14.9bn, from $10.6bn in October 1977, according to the F. W. Dodge division of McGraw-Hill Information Systems, Reuter reports from New York.

For the first 10 months of 1978, construction contracts rose by 15 per cent to $136.3bn, from $119bn in the same period last year. Residential housing contracts rose by 23 per cent in October.

October contracts for non-residential buildings rose by 33 per cent, with commercial and industrial projects accounting for most of the gain. Non-building construction, while still down for the 10 months, registered the largest monthly gain, rising by 98 per cent, to $3.9bn. Three electric power plants, costing a total of nearly $2bn, provided half the October increase.

Bahamas surplus rises

The Bahamas had a $26.4m balance-of-payments surplus for the first six months of 1978, compared with $21.3m for the same period in 1977, according to the Central Bank's quarterly review. It says the improvement is due to a substantial increase in tourism, as well as property investment by non-residents and more tourism facilities financed primarily from abroad, Nicki Kelly reports from Nassau. Tourist arrivals have already surpassed last year's 1.52m total, and receipts from tourism should reach $500m, the target expected to be reached in 1980.

Uruguay devaluation

The Central Bank of Uruguay announced a 1.4 per cent devaluation of the peso, with effect from Tuesday. The exchange rate has been fixed at 6.895 pesos (buying) to $1 and 6.91 pesos (selling). The previous rates were 6.80 and 6.815. This was the fourth devaluation in November, and the 25th so far in 1978. The peso has been devalued by 27.68 per cent since January 31, 1978.

Bolivia cabinet

Bolivia's new military President; Gen. David Padilla Arancibia, who came to power in a bloodless coup last Friday, has completed his Cabinet, with the appointment of a civilian to the Finance Ministry. Sr. Wenceslao Alba, a former Central Bank president, will be in charge of economic policy. Col. Norberto Salomon was sworn in as Minister of Urban Development. Reuter reports from La Paz. Gen. Victor Castillo Suarez, former military attache at Bolivia's Washington Embassy, was named Commander-in-Chief of the Armed Forces. Air Force Gen. Gaston Lupe, Information Minister in the left-wing Government of Gen. Juan Jose Torres—overthrown in a bloody coup in 1971—was appointed Air Force Commander.

U.S. COMPANY NEWS

Justice Department moves to block GEC-Hitachi link; Insurance exchange drafting complete; Burger King set to invade Europe—Page 27.

Third quarter decline in Canadian output growth

BY VICTOR MACKIE OTTAWA, Nov. 28.

REAL OUTPUT growth in the Canadian economy slowed to a 3.6 per cent annual rate in the third quarter, from 4 per cent in the second quarter.

Statistics Canada, the Government's statistical agency, said the slowdown occurred in spite of increased consumer spending on durable and semi-durable products and more business spending on machinery and equipment.

Acting as a brake on the growth in real gross national product were real declines in Government spending, housing construction, non-residential construction, and business inventories.

Statistics Canada said that its seasonally adjusted national income and expenditure accounts showed that domestic inflation (excluding import prices) slowed to an annual rate of 6.8 per cent in the third quarter, compared with 9.2 per cent in the second quarter.

● Jim Rusk adds from Toronto: Canada is putting off until June next year, an increase of the domestic price of crude oil by C$1 a barrel, originally planned for January 1, as an anti-inflation measure. The current price is C$12.75 (£5.60).

Agreement on this was reached in principle at a meeting in Ottawa of Mr. Pierre Trudeau, the Prime Minister, and the Premiers of the ten provinces. The intention remains to let the Canadian price ride up towards the world price: the next step upwards probably will be taken on July 1.

Quebec language ruling

BY OUR OWN CORRESPONDENT MONTREAL, Nov. 28.

THE QUEBEC Appeals Court has declared unlawful part of the Quebec Government's legislation intended to make the French language pre-eminent in the province. It upheld a decision by Mr. Jules Deschesnes, the Chief Justice, who found in January that the legislation conflicts with a section of the British North America Act, the Canadian constitution, which gives English equal rights with French in the Quebec courts and legislature.

Only that part of the Quebec language law is affected which was intended to make French the primary language in the courts and the National Assembly. The rest of the law deals with the language of business and in the schools, and did not figure in the case.

Mr. Marc Andre Bedard, Quebec's Minister of Justice, stated today that the provincial Government intended to appeal to the Supreme Court of Canada. Given the intention of the Parti Quebecois Governmen to seek sovereignty for Quebec, that is an odd position for him to be forced into—all the more so since many Quebec nationalists have long suspected the Supreme Court of being biased in favour of English-speaking Canadians.

Canadian wheat aid

Canada is nearing completion of a C$15m (£6.5m) food-aid programme for Portugal, Mr. Don Jamieson, the External Affairs Minister, announced on Tuesday, Victor Mackie reports from Ottawa. The programme financed by a Canadian International Development Agency grant, is part of an international understanding to give Portugal balance-of-payments support.

WORLD TRADE NEWS

S. Korea likely to buy U.S. airliners at cost of $1bn

SEOUL, Nov. 28

KOREAN AIRLINES is negotiating with two U.S. aircraft manufacturers for a fleet of wide-bodied jets that could have a total value of almost $1bn, according to airline sources.

Boeing and McDonnel Douglas are competing for the contract which, in addition to having a value of $800m to $900m, would make the winner Korea Airlines' probable supplier of wide-bodied planes for the lifetime of the current generation of jets.

Korean Airlines expects to need at least two additional wide-body jets everyyear from 1980 to 1984 to meet the need of new routes and increased frequency, and to replace older aircraft in the airline's wide-body fleet. After 1984, it will need two to three planes a year, sources said.

The Korean flag carrier is planning to limit its acquisitions to one type of aircraft—either the Boeing 747 or McDonnell Douglas DC10—to unify its fleet for more efficient operations and maintenance. The airline currently flies both types of aircraft.

Discussions with Boeing, sources said, concern a contract likely to include firm orders for 10 of the 747s and options for an additional eight. Korean Airlines has three 747s in its fleet currently and five on order. During 1980-84, the average price of a 747 is expected to be about $55m. If Boeing is chosen, the contract, which will include additional spare parts, "will be more than for Singapore Airlines," one source said. In June, Singapore Airlines placed an order for 13 Boeing 747s and six 727s for a total of almost $1bn.

In Seattle, a Boeing spokesman said, "We have been talking to them for quite some time on quite a mix of different-sized aircraft. We are in competition with McDonnell Douglas and Airbus Industrie, as usual." Korean Airlines currently operates the European Airbus as well.

If McDonnell Douglas wins the Korean contract, the order probably would include a combination of standard and stretched DC10s. The price of the stretched version is expected to be $50m to $52m, and the standard DC10 about $48m to $50m.

Korean Airlines is planning to make a decision on the orders by at least February, sources said, with service to begin on a proposed new Seoul-New York route next spring.

While Government approval is not known to have been given, "there have been some very detailed discussions and I have to feel it is receiving a lot of support from the Government or it would not have gone as far as it has," one source said. AP-DJ

Warning on S. African sanctions

FINANCIAL TIMES REPORTER

POLITICAL interference in the trading relationship between Britain and South Africa could increase unemployment at home by as much as 250,000, the chairman of the United Kingdom South Africa Trade Association, Mr. Philip Dunkley, warned yesterday.

Referring to possible United Nations trade sanctions against South Africa, he told the association's annual council luncheon in London that such a step would be disastrous for British overseas investment in that part of the world.

"Not only would our industries be severely damaged, but so would the nation as a whole. The loss of South African trade would add anything from 70,000 to 250,000 to the unemployment figures," he said.

Outlining Britain's share of visible trade with South Africa Mr. Dunkley noted that while it had been declining, there was a 16 per cent increase during the past six months.

At present our investment there was 10 per cent of our total overseas direct investment, with a market value of £4bn. In addition there was indirect portfolio investment of £3bn and invisible earnings totalling £1bn per annum.

He went on to say that there was a need to expand Britain's trade in all areas, regardless of political considerations. And he believed the whole South African population benefited through the presence of British trade and industry.

His call for closer trading links between the two countries was echoed by the association's guest speaker, Mr. William Whitelaw, Conservative Party deputy leader. He said the case for continuing and strengthening British-South African trade was based on simple common sense.

"How on earth could world trade continue effectively in the end of countries began to pick and choose where they would trade according to some political consideration?"

Mr. Whitelaw added that sanctions would result in the loss of employment among blacks and whites serving only to increase tensions in South Africa.

Tokyo boosts Irish industry

BY STEWART DALBY

THREE JAPANESE companies are expanding in Ireland with the help of the country's semi-state body, the Industrial Development Corporation. At the same time, Waterford Glass, one of the country's top three industrial companies has announced, a £20m factory expansion scheme, also being undertaken with the help of the IDA.

The three Japanese concerns are involved in projects which will create 800 jobs and mean capital expenditure of £10m. The new projects in integrated circuits, audio equipment and copper foil manufacture—will bring Japanese fixed asset investment in Ireland to almost £100m.

According to the IDA, this makes Ireland the leading location for Japanese manufacturing investment in Europe.

Nippon Electric already manufactures logic and memory integrated circuits for EEC markets in Ireland. Now it is to double its workforce from 150 to 300 and will broaden its range of products at its County Meath factory.

Toho Denki, a manufacturer of hi-fi equipment will establish an Irish subsidiary Unisef in the Dublin area to produce stereo amplifiers, tuners and cassette decks for Europe and North America.

Nihon Denkai is a leading Japanese manufacturer of copper foil for the electronics industry, it will invest over £30m creating 50 jobs.

The IDA does not divulge how much aid it gives to individual projects but it is empowered to hand over up to 60 per cent of start-up costs for projects in the west of Ireland and 45 per cent in the east.

The major attraction of Ireland for Japanese concerns is that it gives them cheap access to the EEC. Moreover Ireland does not tax profits earned from exports. Since it only has a population of 3m, most products the Japanese concerns make will be exported.

The expansion by Waterford Glass has been long expected. The new £20m plant at 20-acre site at Waterford will be built over a number of years and eventually employ 1,000 people. This will take the workforce to over 7,000 and make Waterford the largest single industrial employer in Ireland.

Japan to buy medical equipment

BY YOKO SHIBATA TOKYO, Nov. 28.

THE JAPANESE Government has appropriated Y20bn ($70m) from its fiscal 1978 supplementary budget for emergency imports of electronic medical instruments. This has been undertaken as an additional measure within the $4.1bn emergency import programme aimed at reducing Japan's balance of payments surplus.

The Education Ministry has already been allocated Y4.5bn to allow Japan's 22 state-owned universities to introduce imported electronic medical equipment. The amount apportioned to the Ministry of Health and Welfare is far larger—Y15bn—and is shortly to be allocated to 94 state hospitals and sanatoriums.

The Government has so far reached $2bn of its emergency imports target. But the prospects of attaining the remaining $2bn during the remainder of the current financial year have looked rather poor—hence the decision to allocate funds for emergency imports of medical equipment.

The budget request was put through as an exceptional case after the closure of all supplementary budget requests by Government ministeries as a result of strong demands by the U.S. export development missions to Japan in early October. Prior to the new increases.

Sales of medical electronic equipment this year were estimated at Y130-150bn.

Foreign manufacturers have been competing fiercely for orders. U.S. manufacturers such as General Electric, Pfizer and Johnson and Johnson have geared up their sales offensive through their domestic sales agents, while European companies such as EMI, Siemens and Philips are also anxious to benefit from the Y20bn emergency import programme.

But the Europeans have been alarmed by rumours that the Government has given an administrative guidance to universities and hospitals to purchase the U.S.-made equipment, since the emergency import itself was originated by the U.S. thrust and designated to rectify the Japan-U.S. trade imbalance.

Officials of the Ministry of Health and Welfare have denied the alleged administrative guidance, saying each hospital and university is entirely free to import medical electronics instruments of its choice.

A spokesman for Toshiba Medical, importing agent for EMI's medical electronic instruments since 1975, commented "We have heard that American manufacturers have applied political pressure on the Japanese Government." But, he added, "We are now pinning our hopes to the fact that in referring to emergency imports of 'foreign' equipment the Government means European products as well. We are striving in our efforts to sell EMI's 5005 models."

Reuter reports from New York: The United States is not aiming for, nor is it likely to achieve a trade surplus with Japan, assistant Commerce Secretary Mr. Frank A. Weil, told a Press conference yesterday. He said the goal was to reduce the current trade deficit with Japan to "manageable size." A deficit of less than $4.5bn would be regarded as manageable, he added.

Fujitsu-China talks on science computer

BY RICHARD C. HANSON TOKYO, Nov. 28.

Fujitsu, Japan's largest computer maker, is discussing details with China on the sale of a sophisticated, large scale computer to the Chinese Academy of Sciences, the company said today. Fujitsu's only business with China in the past has involved undersea telecommunications cables.

The computer being considered is model M-190, the largest Fujitsu currently makes available to customers. The degree of sophistication is greater than any of the other computers China has arranged to import from the outside. This could make the granting of permission from Cocom, the Paris-based committee monitoring such exports to Communist countries, sensitive.

According to reports, described as accurate by Fujitsu, the system under discussion consists of two M-190 units in terms of capacity and speed, this model exceeds the IBM model sold to the Bank of China for use in Hong Kong and Hitachi meteorological computer, which both received Cocom approval.

Turkey and USSR sign new accord

By Metin Munir

ANKARA, Nov. 28.

TURKEY AND the Soviet Union today signed a trade agreement which aims to raise the volume of trade between the two countries by 50 per cent in three years to $1,275m, officials said here.

Trade between Turkey and the USSR is conducted on a clearing basis. Each year protocols are signed listing the number of goods to be exchanged. Fears have been expressed by western circles, including the IMF, that because the deals do not involve hard currency the new agreement may result in the curb of Turkey's exports elsewhere, thereby exercising adverse effects on the Turkish balance of payments.

Turkey has clearing agreements with other Eastern Bloc states with which stipulations have been made for growth in trade volumes.

The agreement was signed in Moscow on behalf of the Turkish Government by the Minister of Trade, Mr. Teoman Kopruluier.

Finland complaint on EEC paper duties

Finland yesterday complained to the EEC that it will probably have to pay $2m this year in extra duties on its paper exports to the EEC, AP-DJ reports from Brussels.

"This is quite a burden for a small country like Finland," said Mr. Erik Heinrichs, assistant director for trade at the Finnish Ministry.

Mr. Heinrichs was speaking at the bi-annual one-day meeting of the EEC-Finland committee. He said that for the first time the EEC, acting immediately on request from only one member country, had slapped extra duties on all Finnish paper exports exceeding its alloted quota. Finland enjoys a preferential duty of 8 per cent on the quota, but has to pay an extra 1 per cent on exports exceeding it.

SKF plant closes

THE SWEDISH SKF ball bearing subsidiary in Australia—SKF Australia (Manufacturing), is to close its plant as from the middle of December due to declining profitability, John Walker reports from Stockholm.

This has been partly due to the continued depressed economic activity in Australian industry, where manufacturing volumes have become too low to offset rising costs and partly to low-priced, competitive bearing imports.

Government cuts in ball bearing tariffs and changed rules on locally manufactured content have worsened the outlook of the domestic plant.

Brazilian ore sale 'start of major deal'

Companhia Vale do Rio Doce, Brazil's state-owned mining concern, has received an order for 4m tonnes of iron ore from China, to be delivered over the next 12 months, at an average price of $15 a tonne, Diana Smith writes from Rio de Janeiro.

According to the company's president, Sr. Josè Renno, who has just returned from a visit to China, this is "only the beginning of a major deal," since representatives of China's Ministry of Metal Industry will visit Brazil early next year in order to negotiate a long-term iron ore contract. Sr. Renno pointed out that with China importing 40 per cent of the iron ore it consumes, and a total demand for 90m tonnes of ore a year by 1985, Companhia Vale do Rio Doce has a strong chance of penetrating "one of the most promising markets in the world."

Shell-Saudi contract

Shell Internationale Petroleum Maatschappij has won the design engineering contract for Saudi Arabia's projected 250,000 barrels a day oil refinery at Al-Jubeil, Sue Cameron writes.

Czech refinery

Czechoslovakia has won a contract for the construction of the first phase of an oil refinery in Northern Iraq, AP-DJ reports from Baghdad.

The first phase of the refinery has an annual capacity of 3.5m tons of crude oil. The Iraqi Oil Ministry is preparing the blueprints for the second phase which will give the refinery a total capacity of 11m tons of crude oil.

Malaysian tenders

Tenders for the construction of Malaysia's $1.4bn liquefied natural gas (lng) plant in Sarawak are expected to be called in about a year, National Petroleum Corporation (Petronas) sources said yesterday, AP-DJ reports from Kuala Lumpar.

Peru-U.S. oil deal

Peru will export 2.70m barrels of oil during the first three months of 1979, according to the state oil company Petroperu, Reuter reports from Lima.

Petroperu said it signed an export agreement with Sun Oil Trading of the U.S. which will pay $14.20 a barrel, $2.50 more than the price currently charged by OPEC.

Long-term interest rates forecast to continue upward trend

BY JOHN WICKS ZURICH, Nov. 28.

IMPROVED STABILITY of exchange rates, which may result from new monetary agreements, would mean that international monetary flows would again develop more in line with interest rate differentials. This was stated in Zurich today by Dr. Hans Mast, economic adviser to Crédit Suisse, addressing the Financial Times World Banking Conference.

Under the system of floating exchange rates, the direction of the flows was determined by considerations of security, rather than by the differences in interest levels, he said. This contributed to disparities in the economic development of individual countries.

Any further narrowing of interest differentials would probably start by affecting rates in the United States and countries with relatively weak currencies. In hard-currency areas, the cost of money could be subject to some upward pressure.

With regard to long-term interest rates, he forecast that these would continue to rise in the U.S. in the first months of next year, but that the movement would level out in the spring or early summer and would subsequently give way to a decline.

A hardening of rates could occur in Japan and West Germany, said Dr. Mast, who drew particular attention to high nominal and real yields in the Netherlands. Investors would probably be less ready to accept Switzerland's low nominal yield, "if the world really does enter calmer monetary waters."

Concern was expressed by Mr. Carlos Canal, executive vice-president of Bankers Trust, that excessive growth in dollar liquidity could re-assert itself in the medium term. Mr. Canal, who said he thought the dollar was secure until the second or third quarter of 1979, called for new U.S. policies in the next few months if the currency was to remain stable.

A return to intolerable speculative rate levels might mean controls on trade and financial transactions, such as would invite retaliatory moves by other countries. Given the present weakened state of the world economy, the cumulative impact of these actions could be disastrous.

Among other measures, he called for more borrowing in leading non-dollar currencies, with the yen and the Deutsche Mark ultimately sharing the reserve currency role. The U.S. had been replaced as the principal provider of international capital and credit by West Germany, Japan and certain of the oil producers in the Gulf.

Greater hedging by creditors against dollar commitments would progressively increase the potential for exchange rate volatility; increased use of the D-mark and yen would relieve pressure on the dollar.

Mrs. Muriel Siebert, New York State Superintendent of Banks, said the International Banking Act, passed in the U.S. in September, should be viewed as a sign of recognition and acceptance of the presence of foreign banks in the domestic U.S. market. It embodied the policy of national treatment for foreign entities doing business in the U.S., these being treated as competitive equals with U.S. undertakings.

Since foreign banks could now be licensed by federal as well as state authorities, this might encourage more innovative approaches to their regulations. The extent to which new federal options would be attracted to foreign banks would depend to a large extent on regulations to be promulgated by the Comptroller of the Currency's Office.

"We have heard at least a preliminary indication that the Comptroller's rules for federal branches and agencies will seek to make these entities comparable to national banks," said Mrs. Siebert, who disclosed that these rules might be out before the end of this year.

Competition from developed countries and multinational companies on the international capital markets was formidable for a developing nation, said Mr. Cesar Virata, the Philippine Minister of Finance. The market was "one for the healthy and the strong." Mr. Virata is chairman of the Development Committee of the World Bank and the International Monetary Fund, which has been working on the problem of access to the capital market.

Suggestions in this connection had foreseen the liberalising of restrictions on holdings of foreign securities, the extension of guarantees and an improvement of information in financial market. These measures were designed to introduce more middle-income developing countries to bond issue business. About 75 per cent of the capital requirements of these countries came from private capital markets.

The lengthening of maturities was "almost a must" to meet needs for development and set repayments, whereby exports had to grow to maintain the balance between capital inflow and outflow.

FINANCIAL TIMES WORLD BANKING CONFERENCE

"As we descended to the company car park I knew my first decision as Financial Director would be met with a few raised eyebrows."

The reason for our impromptu mid-afternoon visit to the car park was the arrival of my most prized possession.

My new company car.

"An estate?" grunted Sidbury the managing director, gathering his brow like a bemused bloodhound.

"A Volvo 265 GLE Estate, the very best Volvo produce," I replied.

"A lovely looking motor," he conceded, characteristically adjusting the knot in his tie, "but do you really think it lends itself to the company image?"

"I put only the very best golf clubs in the back," I countered.

The bitter December air soon had the three of us tapping our feet like some out-of-step vaudeville act as we eyed my new Volvo from every angle.

"I suppose it does have a heater," mused Foster, entering the conversation. "I think we should get inside and have a run. I'm sure the office can manage without us for 30 minutes or so."

The motion was carried unanimously. After all, he was the chairman.

Pulling rank, Foster relegated Sidbury to the rear passenger seat as he joined me in the front.

Sidbury sniffed the air inside the car. "Real leather," he said with a hint of nostalgia as he stroked the seat for confirmation.

"Naturally," I said, unsuccessfully hiding the satisfaction in my voice.

The Volvo's precise power-steering made the labyrinth of busy city streets almost a joy.

Soon we reached the country-side and the open road.

Within seconds I was forced to ease my foot off the accelerator to keep the right side of the law.

As we idled along at 70 mph, Foster remarked that the engine was barely audible.

He was right.

The Volvo 265 GLE sports an alloy V6 fuel injection engine producing 148 bhp.

Obviously enjoying the luxury of being chauffeured, Sidbury stretched out his legs in the back and lit one of his favourite Havanas.

Foster, who had only recently rid himself of the habit, coughed disapprovingly in the front.

To clear the atmosphere I turned on the air-conditioning.

"Air-conditioning? An expensive extra nowadays," said Foster, enviously running his fingers over the controls.

"Depends on what you buy," I said. "With the Volvo 265 GLE it's standard."

"So how much of your own money did you have to put towards it?" asked Sidbury. (A reference to the £10,000 limit the company imposed on directors' cars.)

"Would you believe I saved the company the best part of £1,500?" I said, trying not to sound too ingratiating.

"Surely Volvo must have made economies somewhere," he insisted, straining his neck in the back like a nosey giraffe to view the instrument panel.

"I'll go through the check list," I said, "and you tell me."

They both nodded.

"Electrically-operated windows and door mirrors, headlamp wash-wipers, heated driver's seat, heated rear window, metallic paint. Shall I carry on?"

Foster smiled.

"Stereo speakers in both the front doors,

head restraints, lights in the engine as well as the glove box, a tachometer, clock, cigar lighter, radial tyres..."

"Enough, enough," cried Sidbury, "you've made your point."

As we started to make our way back I noticed my two passengers watching the fleeting countryside with a contented somnolent gaze.

"Well, gentlemen, what's your verdict?" I begged.

Foster, thinking aloud, answered for both.

"Do you think a chauffeur would look out of place in an estate car?" he said. The Volvo 265 GLE.

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HOME NEWS

CBI to put four tax changes to Revenue

BY DAVID FREUD

THE CONFEDERATION of British Industry will urge tax changes in four key areas at a meeting with Inland Revenue officials today.

It believes action is urgently needed to give tax relief on business expenses at present disallowed; to make capital allowances available for commercial buildings; to improve the industrial buildings allowance; and to extend tax relief for consortia.

The confederation's taxation committee said before the meeting that rather than make recommendations across the board, as in previous years, it had decided to highlight a few anomalies most in need of change.

This should mean that the Revenue is likely to act on more than the 20 per cent of recommendations that they have in previous years.

The committee will argue that British business is put at a severe disadvantage compared with foreign competitors by the way some business expenses are disallowed.

At present the cost of raising long-term finance, the cost of setting up new businesses or expanding existing ones, abortive expenditure and various types of spending associated with the cessation of a business do not qualify for tax relief against profits.

Bringing tax assessment into line with international practice on these expenses—known as "nothings"—would cost the Exchequer very little.

The costliest CBI proposal concerns giving capital allowances at 8 per cent a year on commercial buildings. The confederation estimates that this would cost the Exchequer £100m in the first year, building up to £200m-£300m in three years' time.

As long ago as 1952 the Royal Commission on the tax system recommended that capital allowances should be available for commercial buildings. The Sandilands Report recently endorsed this view.

While the Inland Revenue has expressed sympathy with the proposed change in the past, it is unlikely to take any action in the next Finance Bill, mainly on grounds of cost.

The committee will also call for the industrial buildings allowance to be updated and simplified. Ultimately the CBI would like to see the allowance increased to 100 per cent, but while the present regime applies, it believes that the initial allowance should be increased from 40 to 60 per cent.

Instead of an annual 4 per cent depreciation thereafter, the residual expenditure on all industrial buildings should be pooled and a 25 per cent depreciation allowance applied to the reducing balance.

The committee will urge two improvements to the rules covering consortia. First, the trading losses of a consortium company should be available not only to the owning companies pro rata, but also to other companies in their respective groups.

Secondly, trading losses of companies owning a consortium, or in the same group as the owning company, should be allowable against the profits of the consortium company.

Wales TUC seeks relaunch of Tri-ang as a co-operative

BY ROBIN REEVES, WELSH CORRESPONDENT

THE AILING Tri-ang Toy Company may be relaunched as a co-operative. This emerged yesterday after talks on the company's threatened closure between the Welsh Development Agency and the Wales TUC.

Senior representatives of the Wales TUC are to visit the Co-operative Development Agency in London today to explore possible backing for a venture involving both the workforce and the WDA.

But the WDA is firmly resisting pressure from a number of quarters for it to take over Tri-ang as a wholly-owned subsidiary, in order to inject new management and capital into the company. Rather, it is seeking a partner in the private sector with the idea of relaunching a slimmed-down version of Tri-ang.

A statement issued after yesterday's meeting with the Wales TUC, mentioned only the possibility of securing a partner "to build on the successful items in the Tri-ang range." The Wales TUC had suggested that a possible partner for the WDA might be a co-operative, the statement added.

The latest efforts to rescue Tri-ang follow last week's seven-day stay of execution by Mr. John Morris, the Secretary of State for Wales, before carrying out a decision to halt further Government aid to the company.

The reprieve came after the intervention of the Wales TUC, and only minutes before 200 of the 300 plus workforce at the Merthyr Tydfil-based factory were due to be handed redundancy notices.

The decision to withdraw Government support from Tri-ang was evidently taken at Cabinet level. It follows the injection of nearly £4m in public funds since 1975 and a Welsh Office assessment that the company has no hope of achieving viability without further substantial aid. Figures, varying between £1.5m and £2.2m are being mentioned as the amount required to make Tri-ang profitable.

But these sums are disputed by workforce action committee sources who claim that Tri-ang's losses have been cut from £1.2m last year to £800,000 this year, of which £200,000 is accounted for by fees to the receiver-manager appointed by the Government a year ago.

Kirkby take-over faces new problem

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

A LEADER of the Kirkby Manufacturing and Engineering workers' co-operative, Mr. Jack Spriggs, said last night he would reject any offer of a £7,000-a-year consultants' post from Worcester Engineering, the company negotiating to take over the co-operative.

This is the latest stage in the worsening relationship between the co-operative's leaders and Worcester Engineering, which was recommended as the best company to take over Kirkby by a Department of Industry working party report two weeks ago.

Worcester has plans to offer Mr. Spriggs, and Mr. Dick Jenkins, his fellow convenor director, consultants' posts as part of the takeover package.

Yesterday Mr. Spriggs stressed that he had received no formal offer and added: "I know I would reject it were it to be offered. They are not buying us off."

The future of the takeover now depends on Worcester finalising financial arrangements with the Government and other interested parties, and agreeing redundancy and other labour matter with the workforce, and its leaders.

● Last night, Mr. Kenneth Clarke, MP, a Conservative industry spokesman, called for a Government inquiry and a Commons debate on the co-operative's history and problems. In a letter to Mr. Eric Varley, Industry Secretary, he said the co-operative should not receive any extra state funds until this had been done.

Injunction move to curb Kent students' donations

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

A HIGH COURT injunction will be sought today to prevent "political donations" of more than £100 from the funds of Kent University students' union and half the £20 fine imposed on a picketing bakery worker for assaulting police.

The action is being taken by the university's branch of the Federation of Conservative Students, which alleges that the left-wing-controlled union executive unconstitutionally approved the donations without the permission of the students' general assembly.

Last week the Government announced that its proposals to ensure adequate accountability for the use of public funds by students' unions were being held back for another year to permit further consultations with the interested parties.

Businessmen may soon carry a hint of Eastern promise

BY LISA WOOD

THE WELL-EQUIPPED businessman may soon be tucking a jar of Tiger Balm into his briefcase, along with his Financial Times and his sandwiches.

For the oriental pain-soother —useful for smoothing away those city aches and pains— has now been launched on the UK market.

The balm, produced by a subsidiary of the Singapore-based Haw Par Brothers International, has been sold in the UK for more than 50 years— mainly from oriental goods stores.

But its sale has been technically illegal, as it was not registered with the Department of Health for distribution in the UK.

Haw Par, after spending nearly three years satisfying government regulations, were finally granted a full product licence by the department in January.

The balm will be distributed in the UK by New Era Laboratories part of the Guiness Peat Group.

Traditionally, there has been a hint of oriental mysticism in the balm's image in the West. Salesmen in the past claimed that the balm, which contains menthol, camphor, peppermint oil, clove oil and cajuput oil, had universal pain-soothing qualities besides being an aphrodisiac.

Mr. John Robertson, world marketing director of Haw Par, said that the balm's image was now being geared to a sceptical Western market. While the balm did not cure all pains, it did help in the relief of muscular pain and could be of particular use to sportsmen and women.

Tiger Balm's largest European market is Switzerland, with annual retail sales of about SwFr 1m.

In the UK the total market for rheumatic associated products is about £20m a year.

Williams & Glyn's charges to go up

By Michael Blanden

PERSONAL customers of Williams and Glyn's Bank will face higher charges from Friday if they fail to meet the bank's qualification for free banking.

The bank announced its new personal current account tariff yesterday, following changes already published by the big four banks after the Price Commission report, earlier this year, cleared the way for rises.

Williams and Glyn's is keeping the minimum balance required to qualify for free banking at £50. Customers who do not keep this balance, however, will pay 7½p a time for automated entries on their accounts, increased from 6p. For all other entries, both debits and credit, the charge will rise from 9p a time to 15p.

In line with other banks, Williams and Glyn's is introducing a flexible allowance as an offset against these charges, based on the average credit balance over each quarter and related to the general level of interest rates.

The rate is to be fixed and announced in advance, and for the quarter starting December 1, it will be 10 per cent. This compares with a previous offset rate of 5 per cent.

Any change during a quarter of 25p or less will be waived, as before, and students who remain in credit will continue to receive free banking.

Electricity demand a record

By John Lloyd

THE HIGHEST demand made on the electricity supply system nationally was recorded yesterday afternoon between 4.30 pm and 5 pm.

Electricity output reached a peak of 43.5m kilowatts, 700,000 kW higher than the previous record, set on January 18.

The Central Electricity Generating Board would not disclose how near to capacity it was working, but it is thought that the board had to bring in nearly all its stations.

The board emphasised: "The big upsurge in demand has made us more determined than ever to hold down those costs which are under our control, and we are pressing our suppliers to keep down their costs as well."

The board spends £2.2bn a year on fuel, including £1.6bn on coal. It is thus extremely sensitive to coal price rises, and is watching with concern the National Union of Mineworkers' demand for a 40 per cent pay increase.

Manchester United to raise £1m by rights issue

BY RHYS DAVID, NORTHERN CORRESPONDENT

MANCHESTER UNITED Football Club, which has spent heavily in the transfer market in the past 18 months, is to raise £1m by a 208-to-one rights issue.

The proposal, outlined in a document yesterday, is to issue a total of 1,002,177 ordinary shares of £1 in the proportion of 208 new ordinary shares for every one ordinary share and 21 new ordinary shares for every one preference share.

Shareholders will be asked at a meeting on December 8 to approve an increase in the authorised share capital from £15,000 to £1,015m. The issued share capital will go up from £6,369 to £1.008m.

The main shareholding in the club is held by Mr. Louis Edwards, a Manchester meat wholesaler and his family. Between them they have some 75.3 per cent of the issued ordinary and 51.6 per cent of the preference share capital. They have already announced their intention of taking up the issue in full.

Shareholders will be given until January 8 to exercise their rights and any shares left over will be used to satisfy excess applications. The Edwards family have underwritten the issue by agreeing to take up any new ordinary shares left over.

This, however, may be unnecessary because there will be a strong financial incentive for shareholders to exercise their rights in full, given the prices which supporters would be prepared to pay for any shares subsequently offered for sale.

Shares in Manchester United are not quoted and the document says it is not aware of any official or unofficial market in the club's shares. It adds, however, that transfers have been registered over the last year at prices ranging from £1 to £200 per ordinary share and from 50p to £17.70 for preference shares. However, the document says that in view of the size of the rights issue this should not be taken as an indication of the price at which shares may change hands after the issue.

Explaining the issue, Mr. Edwards says that the cost of maintaining a first class football club and supporting facilities have risen dramatically, and is likely to continue to rise. The club spent £1m last year on Joe Jordan and Gordan McQueen and last wek spent a further £300,000 on Michael Thomas another new player.

After sales of other players the club's net deficit in the transfer market was £564,000. This was responsible for its loss before tax for the year of £270,067. In the previous yea rit made a profit of £564,937 before tax.

Director's shareholdings listed in the rights issue document show Mr. Louis Edwards holding 818 ordinary shares and 682 preference shares, each of £1. A further 1,904 ordinary and 204 preference shares are listed in the name of C. M. Edwards and 750 ordinary shares in the name of R. L. Edwards. Sir Matt Busby, the team's former manager owns 61 ordinary shares and five preference shares.

Shetlands and oil industry settle pollution row

BY OUR SHETLANDS CORRESPONDENT

A DISPUTE between the oil industry and Shetland Islands Council threatened to halt the flow of the first North Sea oil into the £813m Sullom Voe terminal within days of its arrival. But it was settled yesterday after a day of talks with all 34 oil companies involved in the project.

The oil industry had originally refused to agree to a six-month temporary operating licence for the terminal unless the council, owners of the site, deleted a clause making the industry responsible for all causes of oil pollution. The council would not do this.

Both the council and the oil companies refused to give way as the oil, which arrived on Sunday from the Dunlin fields, continued to flow through the Brent line at the rate of 150,000 barrels a day.

The council, which controls and manages the largest oil port in Europe, would not allow tankers to enter Sullom Voe and load the crude oil for shipment to refineries.

In the absence of any agreement with the industry, the council was yesterday poised to raise an action in the Court of Session in Edinburgh for what amounted to an injunction preventing the oil companies from operating the terminal unless they complied with the full terms of the council's licence.

Mr. Ernest Urquhart, the council's chief executive, said that tankers would be allowed into the port once the oil companies had agreed to the licence with Sullom Voe Association, a council-oil industry partnership which manages the construction and operation of the terminal.

But the parties worked out a more specific clause on pollution at yesterday's meeting, and it now seems certain that the first tanker will be allowed into Sullom Voe today.

Shell's 70,000-tonne tanker, Donovania, has been anchored off the north of Shetland since last Thursday waiting for permission to enter the port.

BP Magnus Field contracts

By Sue Cameron

TWO BIG contracts for BP Petroleum Development's Magnus Field in the North Sea have been awarded to CJB Offshore and Matthew Hall.

Letters of intent have been issued to CJB Offshore for the platform structure and to Matthew Hall for the platform topside facilities. Both contracts are for definitive design specifications and budgets for a programme entailing the float-out of the platform and modules during 1982. The aim is to start oil production in 1983.

Jetsave offers £175 week in New York

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

JETSAVE, THE low-cost transatlantic air travel organiser, is planning to offer 220,000 seats on its North Atlantic flights next year, 12 per cent more than this year. The company is planning for a £3m rise in its gross turnover, to £25m.

Mr. Reg Pycroft, chairman of Jetsave, said in London yesterday that because of soaring holiday prices in Europe, it would be cheaper to visit the U.S. next year.

As a result, Jetsave has planned its biggest transatlantic holiday tour programme yet, based on the use of Advanced Booking Charter flights. Examples from its programme include a week in New York or Toronto, including the flights each way and hotel accommodation, from £175, and two weeks in Los Angeles and Hawaii for £449 inclusive.

Jetsave is also offering a "senior citizens" cheap rate for transatlantic travel, by which a pensioner travelling to New York can pay as little as £115 return, or £125 return to Toronto. Bookings must be made 50 days in advance.

Air cargo rates between regions and Europe cut

BRITISH AIRWAYS is cutting its cargo rates between many UK regional centres and the Continent from December 1, writes Michael Donne.

The cuts vary widely, but include cuts of from 37½p per kilo to 34p between Birmingham and Paris, from 59p to 38½p from Belfast to Paris, and from 99½p to 73p from Aberdeen to Frankfurt. The rates are all for consignments of under 45 kilos.

The decision follows a study by the airline of how best to make use of its provincial cargo facilities.

The cuts are expected to produce big rises in freight loads from the regions. To meet this demand the airline is building a £60,000 truck reception point at its Heathrow cargo centre. Freight will be shipped by truck overnight from the regional centres to Heathrow to catch early morning flights.

The new rates are being introduced at Aberdeen, Belfast, Birmingham, Bristol, Cardiff, Edinburgh, Glasgow, Leeds/Bradford, Manchester, Newcastle and Tees-side.

23% rise in passengers using BAA airports

MORE THAN 3.5m passengers used the airports run by the British Airports Authority during October, 23 per cent more than in the same month last year.

A year ago, however, the figure was depressed as a result of the strike of air-traffic control assistants and by a shortage of British Airways aircraft after the discovery of wing cracks in Trident Three jets.

But even by comparison with October, 1976, the growth is still high, at 17 per cent, reflecting the strong improvement now taking place in air transport.

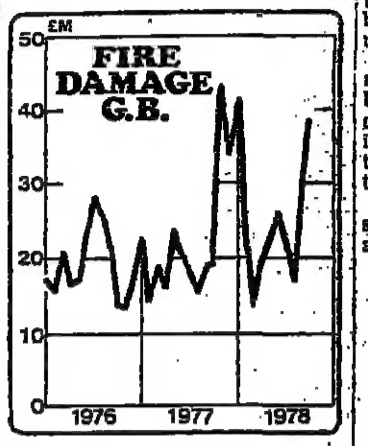
The airports involved are Heathrow, Gatwick, Prestwick, Stansted, Glasgow, Edinburgh and Aberdeen. Heathrow handled more than 2.37m passengers, a rise of 21.9 per cent over last year. For the 12 months to the end of October, Heathrow handled over 26m passengers, a rise over the previous year of 11.5 per cent.

October fires cost insurers £38.8m

BY ERIC SHORT

FIRE DAMAGE costs in October soared to £38.8m, according to figures issued yesterday by the British Insurance Association. This was the highest monthly total ever recorded in a normal month: only the Flixborough disaster and last year's firemen's strike resulted in higher monthly losses.

The largest fire was in a complex at Basingstoke where two warehouses and a factory, all connected with plastic manufacturing and storage, were virtually destroyed, at a total cost of about £6m. There was a £5m fire at the Granary warehouse complex in St. Pancras, North West London, in which a fireman was killed. There was also a £2m fire at a motor vehicle manufacturers



in Birmingham and £1m fire at Battersea power station in London.

The October costs were £8m higher than those for September, which at £30.8m was well above average, and over double those for October last year. Fire costs so far this year total £255.7m— 38 per cent more than for the first 10 months of 1977 and only a shade below damage for the whole year of £261.7m. But this latter figure included two months figures, November and December, which were affected by the firemen's strike.

The most significant feature of this year's fire damage costs has been the upsurge in major fires where damage has been at least £1m. So far there have been 33 such fires, well up on last year's figure.

Last month there were also 13 other fires where the cost came to more than £250,000 and a further 97 where damage was at least £35,000. A disturbing feature was that 51 of these fires were in places used by the public, such as shops, schools, social clubs and theatres.

Television companies turn down Nixon show

British interest in ex-President Richard Nixon does not seem as strong as the Oxford Union believes.

Mr. Nixon is due to speak to 800 members of the union tomorrow, and ATV, the Midlands company which has paid £1,100 for sole television rights, has failed to convince two other big independent companies to take its 30-minute current affairs programme. Both Thames and Granada have local programmes scheduled for 10.30 pm, and refuse to alter the programme to slot in Mr. Nixon.

Neglect

Local authorities which own but neglect historic listed buildings were warned yesterday by Mr. Peter Shore, Environment Secretary, that he would intervene directly if they failed in their responsibilities. He reminded the authorities of his "default powers"

Noisy jobs

More workers in noisy jobs are to be made eligible for compensation for occupational deafness, Mr. Stanley Orme, Minister for Social Security, has announced. The new criteria will include workers who use pneumatic persuccive tools, those in textile weaving sheds and workers on metal nail cutting and cleaning machines.

Toy tests

A comparative product guide to the £8m a year toy racing market, has been carried out by the staff of a motor trade magazine which normally tests full-size cars. The survey, carried out by the staff of Motor magazine gives top marks to the "Scalextric" racing games and the "Matchbox Powertrack" system.

Chrysler engine production cut by Iran troubles

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

THE TROUBLES in Iran have forced Chrysler UK to cut production at its Stoke engine plant, Coventry. The factory supplies around 50 per cent by value of the Paykan car, assembled by Iran National, the state-owned company.

Chrysler said, last night, the situation could be contained by a reduction in overtime without lay-offs but the position was being monitored daily.

Mr. George Turnbull, deputy managing director of Iran National, was optimistic yesterday, that output could be sustained. Despite a curfew, shortages of components and fuel, production had dropped by only 25 per cent.

Two investment projects in Iran, which could have implications for the Coventry plant have been suspended while the present uncertainty continues.

Chrysler, with sales of £130m a year in Iran is one of the UK's principal exporters. The contract was an important factor in encouraging the Government to mount the Chrysler rescue three years ago.

Iran National has a £24m scheme to increase the percentage of locally produced components. Chrysler currently supplies engines, gearboxes and other equipment. Mr. Turnbull said the project was now certain to be delayed because of the troubles, but he was confident it would go ahead.

The development would be phased over a three-year period and the employment impact upon Chrysler would be minimal. Assuming a growth in demand for the Paykan, Coventry would supply a smaller proportion but a greater volume of components.

Work is nearing completion on a £25m programme to expand Iran National's capacity from 100,000 cars a year to 150,000. The next phase, to take capacity to 200,000, cannot go ahead until the situation becomes clearer.

About 12 months ago, Peugeot agreed to supply Iran National with components for 100,000 cars a year. The aim was to find an alternative source of supply and reduce dependence upon Chrysler.

The project has still to get off the ground and there must now be considerable uncertainty about when demand will be sufficient to justify such a venture.

Joint bid to promote Thames Estuary

BY PAUL TAYLOR

A JOINT local Government team has been set up to promote the facilities of the Thames estuary as an industrial and port complex capable of competing with European ports.

The Greater London Council, one of the senior partners in the scheme, yesterday endorsed a report setting out the objectives of the team.

The report, prepared by Mrs. Shelagh Roberts, chairman of the council's planning and communications policy committee, said the team would attempt to press the case for improved infrastructure within and to the Thames corridor, collect and collate information on trading facilities, promote the competitiveness of the Thames with port industrial complexes in Europe and start market reviews to assess the best markets for attack.

It said that the joining of forces by Essex and Kent county councils and the GLC together with the Medway Port Authority, the Port of London Authority and the London Wharfingers Association "would enable the co-ordinated promotion of the corridor to be undertaken." The team will report to a steering group composed of elected representatives from the interested bodies.

The scheme is seen as complimentary to the attempts of the Docklands Joint Committee to attract industry and commerce to London's derelict docklands.

A second report to the council yesterday dealt with the Docklands Joint Committee's progress report for 1978. The report drew attention to "the wide areas where development appears to be falling short of targets" and blamed "a depressing picture" on the "lack of business confidence" in docklands, hindered by Government delays in providing specific approval for certain schemes, like the Jubilee tube line extension.

Interpol told of 'big rise in marine fraud'

BY LYNTON McLAIN

THE Port of London Authority's chief constable, Mr. Eric Ellen, is to meet senior international police officers in Paris on December 14 to discuss what he described yesterday as a "massive rise in marine fraud."

Mr. Ellen has already raised the matter with Interpol.

Two types of fraud are involved, he said. One may be based on shipping and other documents forged by an overseas agency to obtain payment for goods that do not exist.

Or it may involve the master of a ship, in transit to a customer, selling off the cargo to a third party and possibly scuttling his vessel.

Mr. Ellen said British companies and insurers had lost untold sums and that claims were often met in the City. But Lloyd's Corporation said yesterday there was no evidence that London underwriters had paid anything yet as a direct result of cargoes sold in transit to a third party.

It was suggested that many of the claims for cargoes "lost" in transit may not be covered by existing policies. Much depended on the particular arrangements drawn up by owners of cargoes.

The London Salvage Association said: "We always get some scuttlers, of course, and some owners have scuttled vessels for fraudulent reasons." But this practice was not common in the present upsurge in missing cargoes.

The association acts as a co-ordinating and information exchange for London underwriters and it now holds a list of more than 50 vessels that have been involved in cargo frauds.

One of the main areas where cargoes had been lost in the past six months was Nigeria, followed by the Gulf in the Middle East.

In Nigeria there have been as many as 100 vessels queueing to unload cargoes at local ports at any one time.

Many vessels gave up trying earlier this year and headed for Greek ports where the captains would seek local court permission to sell their cargoes—to recoup "losses" made when charterers "refused to pay," the association said last night.

British merchant fleet falls by 750,000 tons

BY LYNTON McLAIN

THE BRITISH merchant fleet, the fourth largest in the world this year, totalled 30.9m tons gross, a drop of 750,000 tons gross compared with last year, according to annual statistics from Lloyd's Register of Shipping, published today.

Liberia is the top shipping nation, based on the tonnage of merchant ships registered in the country, with 80m tons gross.

The world fleet at 406m tons gross, rose by 3 per cent last year, compared with a 6 per cent rise in 1977 and a rise of almost 10 per cent in 1976, over the previous year.

Greece increased its fleet by 4.4m tons gross this year and China added 1m tons gross.

Norway lost 1.6m tons gross of shipping this year and is down to 26m tons gross.

More rail electrification urged

BY SUE CAMERON

British Rail must electrify its network more quickly than planned if its services are to avoid being hit by an expected threefold increase in the price of oil fuels towards the end of the century, the Institution of Electrical Engineers has told the Department of Transport.

The Institution says that not only could the costs of British Rail's diesel services be affected by oil price rises but it could find it hard to obtain enough fuel to maintain all of them by the year 2000.

In its submission to the Department, the Institution points out that oil is likely to be in short supply by the end of the century and it "may have to be reserved" for consumers, such as the aviation and chemical industries, who cannot use alternative energy forms.

The Institution criticises British Rail's claim that the maximum feasible rate of electrification is 250 miles a year.

"On this basis it will take until the end of the century for half the network to be electrified and by that time the shortage of oil will be making itself felt," the Institution says. "A further 25 years would be needed to electrify the system completely.

"Whichever way the prices of various energy sources move, electric traction should at least be competitive with other forms of traction and if the expected large increases in oil prices materialise it is difficult to see any alternative to electric traction. To invest heavily in electrification is therefore a sensible proposition from all considerations."

The Institution adds that an early start on electrification would provide more export opportunities for UK manufacturers, because many other countries are now considering electrifying their railways. Additionally, a speeded programme of electrification would provide extra jobs.

Singer may try union plan to save jobs

BY RAY PERMAN, SCOTTISH CORRESPONDENT

SINGER UK is likely to tell unions at its Clydebank plant today that it is willing to go at least part of the way towards adopting job-saving suggestions put up by the workforce.

This summer, following the company's announcement that it wanted to close factories making industrial sewing-machines and needles, shop stewards commissioned a report from PA Management Consultants and raised a levy from employees towards the cost.

The report recommended that production of industrial machines should be retained, but on a reduced scale concentrating on the most successful models.

This would save 1,000 jobs out of the 2,800 that would have gone over two years though still result in a considerable loss of employment at Clydebank.

The recommendations received overwhelming backing at factory meetings and were put to the management at the beginning of the month. The company's response will be closely watched by unions in other Singer plants in Europe, who have already had a meeting with Clydebank stewards.

The plan entails an investment by the company of £2.3m, in addition to the £8m it proposes to spend modernising the domestic sewing-machine operation.

Mr. Joe Flavin, Singer's U.S. president, has agreed to consider the consultants' report and to implement its recommendations if they provide a viable way of continuing production at or near present levels.

If Singer does adopt the proposals, it can count on considerable help to provide the necessary fixed investment and working capital.

Mr. Bruce Millan, Secretary of State for Scotland, has said the Government would do all it could under the Industry Act to preserve jobs in Clydebank, which has been hit hard by a number of rundowns and closures.

The Scottish Development Agency, which has already been involved by financing three-quarters of the £100,000 cost of the consultant's report, has also been watching the Singer situation closely.

Councils to set up national forum on planning control

BY PAUL TAYLOR

THE THREE main local authority associations in England and Wales are to set up an elected national forum on planning control to advise, monitor and offer consultation on controlling development.

Details of the forum's function and operation are contained in a joint letter to Mr Peter Shore, Environment Secretary, from the Association of County Councils, Association of District Councils and Association of Metropolitan Authorities.

The associations' decision to set up the forum reflects their concern over suggestions in Commons expenditure committee reports about the need for better control over development.

In particular, the national forum is seen as an attempt to divert pressure in the 1976-77 expenditure committee report and in Government White Papers for a system of planning assessors.

Planning assessors were suggested as an improvement over the help and advice in department circulars on planning control and, perhaps less palatably to the local authorities, as a way of keeping the Secretary of State advised of local authority planning procedures.

The need for planning assessors and "a wider consultation forum" has been discussed between the department and local authorities since January.

It is clear that the associations' members wish to retain their independence as planning authorities and consider that a national planning forum could perform the planning assessors' function without the "inherent risks" and extra costs entailed in the suggested system.

The associations suggest in the letter that a national planning forum would meet the objectives outlined by the expenditure committee and in the White Paper while firmly retaining local responsibility for detailed implementation of planning controls.

The national forum would be based on the existing structure of inter-authority planning liaison groups with elected council representatives and the option from time to time to invite delegates from the department and organisations such as the National Housebuilders' Federation.

The forum would have a consultative function rather than executive power, would meet at least once a year.

The department said yesterday that it will examine the idea of a national forum in consultations over the need for planning assessors. However, the department would probably want a second regional tier incorporated into the associations' proposals.

UK educational exports plan in advanced stage

BY JOHN LLOYD

TALKS AIMED at setting up a British educational exports council, which would have, as its target, the raising of exports of educational equipment and textbooks from the present £200m a year to £1,000m a year, are at an advanced stage.

Lord Winterbottom, the Government spokesman on Industry and Defence in the Lords, said yesterday that he hoped to be able to announce its establishment in the spring.

One of the most important parts of the proposed council—the Industrial Council for Educational and Training Technology, which brings together those companies exporting scientific and technical training equipment with exports last year worth £60m—has expressed strong reservations.

Mr. Edward Bell, retiring chairman of ICETT, said yesterday that "the needs of the educational technology industry are well catered for by ICETT. The establishment of an export council would, in our view, only duplicate our present activities and protract the lines of communication and the clinching of orders."

Lord Winterbottom believes that the reservations will be overcome and that ICETT, together with the Publishers' Association and the Electronic Engineering Association, should form the "core group" of the new export council.

The council was first seen as coming under the aegis of the Department of Trade but, after discussions with Mr. Edmund Dell, the former Trade Secretary, and Mrs. Shirley Williams, the Education Secretary, it had been decided that the Department of Education and Science should sponsor it.

Speaking to an ICETT meeting yesterday, Lord Winterbottom said that "it is terribly unfair, but it is a fact which works for us — the world is an English-speaking world and will learn its skills in English. If we can't profit from this situation, then we shouldn't be exporting at all."

He said that Japanese and German exporters were highly competitive in the field marketing books and educational aids based on English.

Prizes for boosting new enterprises

BY NICHOLAS LESLIE

A COMPETITION to encourage the creation of new enterprises in the north-east of England, has been launched offering a £10,000 prize to the winning venture. Second and third prizes of £5,000 and £2,500 will also be awarded.

The competition is the latest in a series of initiatives developed by Enterprise North, an organisation started five years ago to provide free advice and assistance to new companies in the north, together with Durham University Business School and Shell UK.

The prize money, and all other expenses associated with the competition, are being financed by Shell.

Launching the competition at Durham Business School yesterday, Mr. Herbert Loebl, a businessman who founded Enterprise North, said: "While new manufacturing and service companies are being founded all the time in our country, the rate of formation is inadequate, both in relation to the needs of the economy and the opportunities of the market place. For historical reasons, this is particularly so in the north."

The North had a lower ratio of small companies than any other region in the U.K.

Shell's involvement stems from the Ashridge Lecture given in November last year by Mr. Michael Pocock, senior managing director of the Royal Dutch Shell group, on the contribution that small companies make towards increasing employment. He advocated that help should be given by a variety of sources, including large companies.

Support

Mr. S. J. Gallacher, director of Shell U.K. Oil, said that, following the lecture, the study of the small business venture was carried out which recommended establishing a programme of help for this sector.

A small business unit was set up inside the company and after the creation of the plan to co-operate with existing agencies, support was given to Enterprise North and the New Enterprise Development Project programme, launched by the Durham Business School a year ago.

Mr. Gallacher disclosed that one result of the study was the issue of an instruction within the group to ensure that small companies owed money by Shell were paid promptly.

Shell has also been instrumental, along with the London Chamber of Commerce, in drawing up plans for a London Enterprise Agency, with funds of up to £1m to help small companies in inner London.

Warning of curbs on energy

By Sue Cameron

THE GOVERNMENT could be forced to bring in new laws on energy saving if existing measures to encourage industrial and domestic consumers to save fuel and power do not work, Dr John Cunningham, Minister for Energy Conservation, said yesterday.

Dr Cunningham, who was presenting this year's British Gas Energy Management (GEM) awards in London, said if the Government was forced to conclude that voluntary measures on energy conservation were not producing results, it would "have to look again at the statutory regulations." He added that he would be reluctant to do this but stressed that it "could not be ruled out."

There were 33 finalists in this year's GEM award scheme. Between them they saved 4.2m therms a year, worth about £420,000. The winners in the industrial sector were Alcan Plate of Birmingham, working with West Midlands Gas, which made a 33.6 per cent saving on fuel.

The winners in the commercial sector—this is the first year commercial and public administration concerns have been eligible for the awards—were Bass North of Huddersfield, with North Eastern Gas.

A special award was given to Wellworthy of Ringwood in Hampshire for showing consistent concern for energy conservation.

Film finance corporation may receive £5m aid

BY ARTHUR SANDLES

BRITAIN'S National Film Finance Corporation will probably receive a cash injection of £5m early next year from the Government, as an interim support measure for the industry.

The corporation set up by the Government nearly 30 years ago, is very short of money. In an industry which normally talks in terms of millions the corporation has only a little more than £300,000 in liquid assets.

Plans for its absorption into a new British Films Authority have been delayed, and the corporation itself is about to run out of money. Sir John Terry, its retiring director, said yesterday that he had been given assurances that a Bill releasing new funds would be introduced early next year.

Sir John said he hoped the new money would be in the form of an equity investment, rather than an interest-bearing loan which had been the case in the past. He is to be succeeded on January 1 by Mr. Mamoun Hassan.

The corporation has been criticised for making persistent losses but, said Sir John, the real cost to the taxpayer had been £70,000 a year if interest was excluded. Some 700 feature films had been financed and, therefore, the results, he said, "can be regarded as a form of minor miracle."

The report and accounts of the corporation for this year showed it has a deficit of £432,560. Without interest, however, the corporation was in surplus to the extent of £50,000.

Jobs surge in Aycliffe

Financial Times Reporter

A RECENT SURGE in new jobs created by companies in Aycliffe, Co. Durham, has taken the number employed in industry in the town over the 10,000 mark for the first time.

"Passing this mark is a milestone for Aycliffe Development Corporation," Mr. Tony Cooper, its director of estates, said yesterday. "In the last year alone more than 600 new jobs have been created."

During the past year 14 companies have moved into the town and the Development Corporation is increasing the range of advance factories being built to keep up the momentum.

Expansion plans by some companies already in the town will add to the employment register in any case. Perstorp, for instance, has an £8m scheme in hand which eventually should add another 200 people to its work force.

Aycliffe has been near the 10,000-job mark once before. In 1970 its industry employed 9,700, but when the recession began to bite the number dropped by about 1,000 in two years.

The Development Corporation's next target is to establish the 100th company.

Mr. Cooper said 96 companies were now operating in the town. "We have been able, despite the recession, to keep unemployment down to at least the national average and create jobs for the region which would not otherwise be here" he said.

Coal Board given £10m Europe loan

BY JOHN LLOYD

THE National Coal Board has received a £10m loan from the European Coal and Steel Community for work to improve the efficiency of three coal mines.

The loan, for work already completed, is for new coal preparation plants at Hatfield Colliery near Doncaster and for Wearmouth Colliery in the north-east and for improvements to surface equipment at Bilsthorpe in north Nottinghamshire.

● Sir Derek Ezra, the NCB chairman, said yesterday that a recent survey had shown a "significant move" among smaller housing authorities towards provision for coal heating.

"The overall proportion of 16 per cent of houses under construction having a chimney is an improvement on the figures for the previous year, and there are other indications of a return to the chimney."

Manufacturers had reported a 10-15 per cent increase in sales of pre-fabricated chimneys, and there was a continued increase in sales of solid fuel heaters, up 13 per cent in the past seven months.

Sir Derek said the solid fuel industry, including the NCB and the appliance manufacturers, should secure a market increase in the proportion of houses with chimneys being built, and second, in providing convenient "heating packages" for the 3m existing houses built without a chimney.

He said: "The uncertainties and problems of future energy supplies ought to commend the need for complete flexibility to everyone."

Water curbs in south-west

New controls curbing water demand in the Penzance and St. Ives area of Cornwall come into effect on Saturday, the South West Water Authority announced yesterday.

The restrictions, under the Drought Act, prohibit various "non-essential" uses of water. From Saturday, only waste water may be used for washing road vehicles, use of mechanical car washes is banned and so is the operation of automatic flushing cisterns in premises substantially unoccupied.

The Drift Reservoir near Penzance has risen to about 14 per cent of total capacity as a result of emergency measures taken by the authority. But two reservoirs serving Falmouth and Penryn are nearly three-quarters empty.

PARLIAMENT AND POLITICS

PM blinks but does not baulk

BY PHILIP RAWSTORNE

THE GOVERNMENT was given a rough ride in the Commons yesterday over its sanctions on Ford's.

"Blatant injustice," Mrs. Margaret Thatcher snapped, cutting quickly into the Prime Minister's questions.

The Ford Company was one of the country's finest industrial models, the Tory leader declared. Its performance in employment, investment and exports was highly rated.

Nothing but damage could result from the Government's decision.

Mr. Callaghan blinked but did not baulk. "There is an over-riding national interest here," he retorted.

The Government and the whole weight of public opinion wanted to hold back the rate of inflation.

Ford's runaway settlement threatened that objective and the brakes had to be applied.

Ministers were determined that restraints should be imposed on the large companies as well as the small, he said.

Mrs. Thatcher raced impatiently in pursuit—but the Prime Minister eased away into other diversions.

Mr. James Prior and others tried to block his getaway with questions about the TUC staff's 20 per cent wage increase. "I don't propose to buy any motor cars from the TUC," Mr. Callaghan murmured in passing.

He reversed out of Mr. Donald Stewart's question about the morality of his sanctions. "I would not want to argue morality at the despatch box," he said.

"It is a question of how we ensure that the jobs of the people of this country are safeguarded, that inflation does not get out of hand and that prices do not go up."

With Mr. Peter Rost crying indignantly that Ford had been the "innocent victim" of his hit-and-run policy, Mr. Callaghan purred smoothly out of reach.

But Sir Geoffrey Howe, Tory Shadow Chancellor, succeeded in bringing out Mr. Denis Healey for another rigorous test of the Government's motives.

A policy which started as "an exercise in tyranny" was now "rapidly developing into a farce," Sir Geoffrey snorted. If British Oxygen broke the Government's guideines would the nationalised industries stop buying oxygen?

Sir Geoffrey inspected the Government's policy at length and concluded that it was arbitrary, unjust and ineffective.

Never the man to avoid a head-on collision, Mr. Healey put his foot firmly down. Ford's had stuck to the Government's guidelines for only two weeks, he declared.

Its pay deal could not be reconciled with the Government's policy and if it were allowed through, it would be a betrayal of the 500,000 workers who had already settled for 5 per cent.

Hadn't Sir Geoffrey demanded last year that the Government should take action against Ford's much smaller breach of the pay rules? "You can't have it both ways," Mr. Healey pointed out smartly.

The Chancellor encountered more criticism from the Labour back benches.

"Where do you get your authority?" Mr. Norman Atkinson demanded. "From the support of the overwhelming majority of trade unionists and the British people," Mr. Healey retorted.

He rode roughshod too over Mr. Kevin McNamara's suggestion that Ford could afford to pay. Mr. Healey retorted that he hoped the same principles would be applied in the case of British Leyland's pay settlement.

Ford could have done more to help the Government along its anti-inflation course, Mr. Healey insisted.

The Chancellor stopped short, however, of sharing the theory that it had been the company's massive profits that had "goaded" its workers to strike.

Ford sanctions 'blatant injustice'

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE GOVERNMENT'S decision to impose sanctions against Ford for the breach of the 5 per cent pay policy was denounced in the Commons by Mrs. Margaret Thatcher, leader of the Opposition, as "a blatant injustice."

She was backed up by the Conservative Shadow Chancellor, Sir Geoffrey Howe, who claimed that a policy which had started out as an exercise in tyranny was now deteriorating into a farce.

The long and bitter row over the sanctions decision started during questions to Mr. Albert Booth, Employment Secretary, and spilled over into Prime Minister's Question Time.

It ended with Mr. Denis Healey, Chancellor of the Exchequer, receiving a bad mauling when he answered a private notice question on the subject.

Both Mr. Callaghan and the Chancellor firmly defended their action and argued that they had an overriding duty to hold down inflation by means of a firm wages policy. The majority of the people and many trade unionists were firmly behind such a policy, they maintained.

The criticism of the Government's action was not confined to the Opposition. Trade union MPs and Left-wingers on the Government's own benches also voiced their hostility.

Mr. Dennis Skinner (Lab. Bolsover) a leading Left-winger, said that Mr. Booth should tell his Cabinet colleagues that he was at the sharp end of their pay policy, "and the sooner they get rid of it, the better for everybody."

Mr. Healey explained that the sanctions would involve a refusal by the Government to place some future contracts for vehicles with Ford, and that purchases under some existing contracts might be stopped.

But he also made it clear that the sanctions were not necessarily confined to the purchase of vehicles.

They could also involve the refusal to grant discretionary financial assistance under Sections 7 and 8 of the Industry Act, and the refusal of loans, temporary employment subsidy, and export credits.

"This could mean that they don't get future contracts and future discretionary assistance," Mr. Healey said.

He pointed out that Ford had negotiated outside the 5 per cent guidelines for seven weeks of the nine-week dispute. At the same time, over 500,000 people had already settled within the guidelines.

If the Government had allowed the 17 per cent Ford settlement to pass without comment, it would have been a betrayal of the trust of those people.

"Also it would have led in many cases to demands to re-negotiate the agreements already made," he added. "That would would have been absolutely contrary to the national interest."

The Tories wanted to know why—if the Government was sticking to sanctions—it did not impose them against the TUC for awarding its own officials an increase of 60 per cent, payable over three years.

But Mr. Healey replied that there was no dicretionary action that the Government could take for this possible breach of guidelines.

Mr. Kevin McNamara (Lab. Kingston-upon-Hull Central), a Transport and General Workers' Union-sponsored member, recalled that the Prime Minister had said that we were in a free collective bargaining position.

Why, then, was the Government objecting to a free collective bargain agreed by both sides representing one of the most successful companies in the country and one of the most productive work-forces ?

MR. JAMES CALLAGHAN

Mr. Healey replied by caustically inquiring whether Mr McNamara was seeking to justify the 17 per cent settlement on the grounds of Ford's profitability?

In that case, perhaps Mr. McNamara could give an assurance that the unions at loss-making British Leyland would seek a settlement in line with that company profitability.

The Chancellor said that the final Ford settlement involved 11½ per cent increase on basic pay with holiday pay and an increase of 6 per cent related to the attendance scheme, whose final effect could not be judged at the moment.

The company had agreed to make these payments before it was known whether productivity would, in fact, be achieved.

He emphasised that, under the Government's wages policy, payments could be clawed back if productivity was not achieved.

One could not base pay settlements simply on unit wage costs. If that were done, then capital intensive industries could make awards of 200 per cent without affecting prices.

Mr. John Pardoe, Liberal Economics spokesman, said that sanctions should be imposed by law, not at the whim of the executive.

He suggested that Britain should adopt the U.S. policy of giving tax rebates to employees who observe the pay guidelines.

From the Opposition front bench, Sir Geoffrey Howe said it made little sense to impose sanctions against Ford which had done its best to resist a strike "which had been in flagrant breach of agreement."

It was like punishing a householder whose house had been burgled.

Other employers would draw the conclusion that it was sensible to pay up in the first place. It demonstrated that the Government's policy was not only unjust but ineffective.

It would be impossible to apply the 5 per cent policy consistently. If the British Oxygen settlement was outside the guidelines, would the Government then require British Steel Corporation to stop buying oxygen?

If the tanker settlement was also beyond the 5 per cent, would British Airways and the Government car pool stop buying oil and petrol?

During questions to the Prime Minister, Mrs. Thatcher said that Ford had suffered the most damaging strike in its history in attempting to abide by the Government's guidelines.

It had one of the best records for productivity, jobs, investments and exports and the sanctions could only damage all this.

Mr. Callaghan assured her he recognised this dilemma but there was an over-riding national interest.

"We are not ready to see the big fish get away with it while we only catch the tiddlers," he declared.

At this, Mrs. Thatcher angrily recalled that a year ago, the Prime Minister had been eager to encourage Ford to invest in a big plant in South Wales.

At that time he said the Government would do all in its power to repay Ford's confidence in Britain.

The Prime Minister reminded her however, that if other companies followed Ford's example, and paid increases of 17 per cent, then Ford would not be able to hold the price of its cars for very long.

"Everybody will be treated in the same way. We shall pursue this policy as long as we have public support, and at the moment public support is overwhelming."

There was scornful laughter from the Tories as Mr. Callaghan wholeheartedly endorsed Mr. Healey's performance as Chancellor.

"I think there is nobody who has borne this task for so long with so much fiscal and intellectual stamina. The country owes him a debt of gratitude."

Criticism of the Goveroment's policy came from Mr. Donald Stewart, leader of the Scottish Nationalists, who described the Ford's sanctions as "absolutely offensive to the democratic process."

He wanted to know what legal or moral basis the Government had for its action.

Mr. Callaghan: "I would not want to argue morality at the Despatch Box. It is not a moral question.

"It is a question of whether we manage to ensure that the jobs of the people of this country are safeguarded and that inflation doesn't get out of hand.

"I am utterly certain that we are right and the public understand why we are doing it."

U.K. ready for new fish talks

BY IVOR OWEN

BRITAIN is ready to resume negotiations on the revision of the EEC Common fisheries policy in advance of the meeting of Fisheries Ministers scheduled to take place just before Christmas.

This was announced by Mr. John Silkin, Minister of Agriculture and Fisheries, in the Commons yesterday when, despite the breakdown of the talks held in Brussels last week, he insisted that it was still the Government's objective to arrive at an agreement by the end of the year.

In a clear bid to dispel suggestions that the dispute over Britain's firm stand on conservation policy and preferential access to fish stocks in certain areas is likely to continue indefinitely, he virtually invited his Ministerial colleagues in the EEC to return to the negotiating table as quickly as possible.

Mr. Silkin made no comment on suggestions that the fisheries row will be one of the matters discussed by EEC heads of Government at the summit meeting to be held in Brussels on December 4 and 5.

He suggested that there was room for optimism over the prospects for achieving agreement in that the EEC Commission, for the first time, had put a working document before the Council of Ministers which was based on the British framework.

"This is absolutely new," the Minister stressed.

But he admitted that there were genuine difficulties to be overcome and quoted with apparent sympathy the comment by a German negotiator that "the devil is in the details."

Mr. Silkin reaffirmed his determination to secure a revised common fisheries policy which accepted the basic principles put forward by Britain.

He believed that the negotiations had moved "towards that position" and claimed that the rate of progress was much faster than anyone would have envisaged six months ago.

In "shorthand" terms, the outstanding questions were more a matter of arithmetic than principle.

New consumer protection Bill

By Our Consumer Affairs Correspondent

A PRIVATE Member's Bill to restore consumer protection against shoddy goods is to be introduced by Mr. Donald Stewart, MP for the Western Isles and leader of the Scottish National Party.

Mr. Stewart came 13th in the ballot for Parliamentary time devoted to Private Members' Bills. But his supporters, who include the Consumers Association, hope that the Government's Parliamentary position will mean more attention is paid to Mr. Stewart's Bill.

Under Mr. Stewart's bill, the Act would be amended so that a reasonable person who bought anything which was faulty—even if the faults were the sort which could be put right by a repair or adjustment—would still be protected by law.

Mr. Stewart said yesterday that, "despite the best of intentions, consumers may have been robbed of their rights. This is a straightforward move to restore them to the position the law always intended them to be in."

Bill for more Ulster MPs welcomed

THE GOVERNMENT'S Bill to increase the number of Northern Ireland MPs at Westminster from 12 to between 16 and 18 was welcomed by the Opposition in the Commons.

Opening the Second Reading debate on the House of Commons (Redistribution of Seats) Bill, Mr. Roy Mason, Northern Ireland Secretary, said there were strong arguments for increasing Ulster's representation in Parliament.

The average Northern Ireland constituency had 86,000 electors compared with an English average of 66,000 and even less in Wales and Scotland. "We can no longer put up with this situation."

"If we believe in fair do's all round, I do not see how we can argue that a British subject who happens to live in Northern Ireland should just for that reason automatically carry less weight in Westminster than his fellow citizens who happen to live somewhere else."

Neither was there any reason why the people of Northern Ireland should receive only restricted service from their MP owing to the large number of constituents.

The Bill gave the Boundary Commission a target figure of 17 seats for Northern Ireland. The minimum of 16 and maximum of 18 was to allow for flexibility.

Mr. Mason criticised the Liberal amendment selected for debate which opposed the Second Reading because it failed to allow MPs to debate whether proportional representation should apply in the new constituencies.

The Government was still bent on restoring a devolved government in a form acceptable to a majority of the people in both parts of the community.

Mr. Airey Neave, shadow Northern Ireland Secretary, said the proposal to increase Northern Ireland representation at Westminster had been in the Tory Manifesto in 1974.

"We do not consider these extra seats a substitute for eventual devolution," he added. The Conservatives would do their best to ensure the passage of the Bill.

For the Liberals Mr. Clement Freud urged the rejection of the Bill because it failed to allow MPs to decide whether additional Northern Ireland MPs should be elected by proportional representation.

Stewart Dalby discusses the latest shift in Northern Ireland politics

An apparent somersault on Ulster

ON THE surface, it is more than a little ironic that Mr. James Callaghan's minority government is receiving support from the Northern Ireland's official unionist MPs, who hold eight of the Province's 12 seats at Westminster.

Less than two months ago, the Official Unionists together with other Unionists were more or less refusing to talk about politics in the region. They were earnestly hoping that Mrs. Margaret Thatcher would win an October election.

If the margin were narrow then the Official Unionists might have some coalition role to play with the party they see as their traditional and natural partner.

Moreover, Mr. Airey Neave, Opposition Spokesman on Northern Ireland, has repeatedly stressed his desire to introduce a new tier of Government for Northern Ireland. This would fill the gap between the impotent 26 district councils and the all-powerful Secretary of State—at present Mr. Roy Mason.

Mr. Neave's idea is something akin to a county council in Great Britain. Since county councils are elected on a majority rule basis as are Westminster MPs, then the unionists could reasonably expect to dominate the new tier.

Unless, of course, Mr. Neave finds some way of solving the so far impossible, and introducing proportionality into county council elections.

A Labour Government kept in power by Northern Ireland loyalists is more easily understood if seen in terms of the prize being offered by Mr. Callaghan: an increase in the number of seats from 12 to a probable 17.

Although these will not come into effect until after the next election, the idea of a solid block of votes in a possibly hung Parliament has immense appeal to someone like Mr. Enoch Powell, MP for South Down, and deputy leader in Parliament of the Official Unionists. His goal for Northern Ireland is closer integration with Great Britain.

In this, Mr. Powell does not go unchallenged, Mr. Harry West, the leader of the Official Unionists, wants a return to the fully developed Government at Stormont which was abolished in 1972 and which the Protestant Unionists dominated.

Mr. West, moreover, is considered unassailable as the Official Unionist Leader even though he does not hold a Westminster seat.

Even for non-integrationists like Mr. West, however, the idea of more seats at Westminster cannot be completely anathema. For one thing, it can allow the Official Unionists to avoid electoral pacts with the more extreme loyalists.

Mr. Ian Paisley, the MP for South Antrim, and the leader of the Democratic Unionist Party, has persistently nagged the Official Unionists to enter a deal whereby he would get a further two seats in exchange for not running in marginal Official Unionist seats.

The Official unionists appear to have completely ruled out any agreements with the Rev. Ian Paisley and also with Mr. John Dunlop—the other Unionist MP, who belongs to the United Ulster Unionist Party.

The basic conundrum of more seats means though that it reduces the incentive for the Official Unionists to talk about power sharing alternatives, just at a time when there were faint stirrings of movements in favour of talks.

The Social Democratic Labour Party (SDLP), the main voice of Catholic moderation, has become so desperate with the lack of progress—in the four years since the collapse of the power sharing executive it has increased Catholic representation constitutionally not one whit—that it finally called for British withdrawal.

While the stance was meant to jolt Mr. Mason into recognising the increasing frustration of the minority, it also had the unfortunate effect of providing ammunition to the Unionists that the moderate SDLP is collapsing into the arms of the more rabid republicans in its ranks.

Mr. Mason has so far shown little sign of reacting. He thought he would be going to a new job after the October election. He had in any case done little in the political sphere, concentrating instead on security and financial problems of the Province.

In the past month, however, Mr. Mason has dusted off a blueprint for a 78-member non-legislative assembly. This would consider Bills from a number of select committees which would be formed on the basis of proportionality.

The SDLP is interested in this idea as it is in anypower-sharing prospect. The snag now is going to be getting the Unionists to discuss it.

For although the Labour Party's official policy is some kind of development based on power-sharing and although Mr. Callaghan has asured Mr. Jack Lynch, the Irish Prime Minister, that more Northern Seats does not mean more integration, the Government minority position would appear to be driving it away from its stated policy into the arms of the unionists.

LABOUR NEWS

Decision on NUJ strike call expected on Friday

BY PAULINE CLARK, LABOUR STAFF

LEADERS OF 9,000 journalists on provincial papers throughout the country will decide on Friday whether to call "an all-out" strike over a pay claim.

If the full executive of the National Union of Journalists accepts the strike resolution put forward yesterday by its emergency committee, the union will be embarking on its first ever national strike on provincial newspapers. It will also be in direct confrontation with the Government over its 5 per cent pay limit.

The call for action would be immediate and could hit sports coverage on local newspapers as early as Saturday.

The journalists have been operating sanctions in support of a £20-a-week pay claim for more than a week, and a series of mandatory chapel (union branch) meetings have already agreed to step up action, to a full-scale strike if necessary.

An indication of whether there will be strong support for the strike should come on Thursday when the provincial newspapers' industrial council of the union will discuss the resolution ahead of the executive meeting.

Yesterday's resolution was partly provoked by the sacking of about 100 journalists on the Bolton Evening News, because they were operating sanctions. The union had already called out journalists on the South Yorkshire Times in Mexborough, a sister paper in the St. Regis Newspapers Group.

The strike resolution, however, is said to arise largely from pressure from chapels which are angry that sanctions have failed, so far, to persuade the Newspaper Society to improve its present pay offer.

The society, representing some 260 employers and covering about 1,200 provincial newspapers, has offered a 9 per cent increase, but only if it can justify a case for a rise in exces of the 5 per cent Government limit with the Department of Employment.

● Services of the Press Association, the national news agency, returned to normal yesterday afternoon when the agency's NUJ chapel lifted sanctions they have been operating for the past nine days, in a long-running dispute over pay.

The journalists called off their "lightning" strikes for 48 hours to allow intensive negotiations to resume with management.

The chapel is seeking larger allowances under a Phase Three pay deal, and an improvement in a proposed productivity scheme.

Extra compensation offered to dockers

BY NICK GARNETT, LABOUR STAFF

AN INCREASE of up to £1,500 on the nationally agreed severance scheme for registered dock workers, is being offered to some sections of the labour force, by London Port employers.

The offer encompasses some registered dock workers who take severance under the Port of London Authority's short-term trade and manpower plan to cut its workforce by 1,489.

The increase of up to £1,500 was agreed by the National Association of Port Employers as a London differential. It supplements payments of up to £7,000 under the national voluntary severance scheme for registered dock men and took effect from the end of last week.

Some union officials, however, have already criticised the size of the increase and the terms attached to it. The executive of the Transport and General Workers' Union might decide next week to re-assess its attitude on severance schemes within London's dockland.

The improvement in possible severance payments applies only to registered dockers aged 60 years or over, tally clerks in the same age group, and all lightermen, irrespective of age.

Employers say the increase is related to a 10 per cent rise for each of the past two years, in broad line with inflation.

The national scheme for non-registered staff is based on one month's pay for every year's service, which the Port of London Authority says averages payments of £7,500. There is no large London differential for this group.

The Government last week endorsed the joint union-management plan for reductions within the authority largely resulting from the crisis in the Upper Docks. It is prepared to give financial assistance towards severance payments provided plans to cut surplus manpower are put into effect.

Firemen settle for 42-hour week deal

By Pauline Clark, Labour Staff

THE THREAT of militant action this winter by Britain's firemen was lifted yesterday when a special delegate conference of the Fire Brigades Union accepted final terms for the introduction of a 42-hour week.

The firemen's recalled conference of about 300 delegates in Blackpool decided by a big majority to accept April 1 as the target date for implementation of the shorter working week.

Although some union leaders had misgivings about aspects of the list of terms presented last week as a firm and final offer by employers, the union's executive recommended acceptance of the document.

The cut in the working week from 48 hours to 42 hours was part of the settlement which ended last winter's national firemen's strike.

Agreement on arrangements for introducing the change, however, has been delayed by hard bargaining between employers and the union.

In general terms, the employers' offer provides for working routines implementing the shorter week to be decided locally.

Many brigades are expected to implement the 42-hour week before the April 1 deadline, but others may face a recruitment problem. It is estimated that a further 2,500 firemen are needed.

Engineers quit pay talks at Yorkshire Imperial

BY OUR LABOUR STAFF

THE Amalgamated Union of Engineering Workers withdrew yesterday from pay negotiations with Yorkshire Imperial, the metals and plastics company, where a dispute in the company's joint negotiating committee has been prolonged between skilled and unskilled workers.

Former AUEW shop stewards at the company who had resigned their stewardships in the dispute were lobbying the union's executive meeting yesterday, delighted at the executive's decision.

The engineering workers said that the company's Joint Negotiating Committee had given unsufficient weight to craft differentials in pay negotiations. Rates for unskilled workers had moved from 75 per cent of craftsmen's rates to 89 per cent.

The withdrawal will mean that the union will not take part in a delegate conference called for December 9 to discuss the company's latest yap offer, thought to be worth about 3 per cent.

That would give day-shift skilled workers a further £2.27 a week with another £1.34 for five hours' Saturday work and £4.20 with Saturday and Sunday working. Craftsmen's basic rate is £47.64, and average earnings £72 a week.

The company has plants at Dundee, Leeds, Kirkby and elsewhere.

Airline union wage move

By Our Labour Staff

SHOP STEWARDS representing British Airways engineering and maintenance staff agreed yesterday to negotiate their annual pay settlement based on the airline's regrading and restructuring plan, which might provide increases of up to 20 per cent.

Unions 'envious of civil servants' pay system'

BY PHILIP BASSETT, LABOUR STAFF

PUBLIC SECTOR pay comparability was the one part of the failed TUC-Government agreement on pay and prices which even those General Council members who voted against it felt most anguish at losing.

Mr. David Basnett, general secretary of the General and Municipal Workers' Union and a leading proponent of a public sector grouping on pay, pointed out later what public sector unions had lost.

Mr. Basnett was only one of the TUC leaders to keenly feel the reason given for voting against the agreement by Mr. Ken Thomas, general secretary of Britain's biggest civil service union, the Civil and Public Services Association, who said civil servants already had all the Government was offering.

The elaborate comparability mechanism, which civil servants are enjoying again this year for the first time since its suspension in 1975 at the start of the present series of pay controls, is the only annual relativities system of consequence in force. It has been looked at with envy by other groups.

Earlier this year, industrial civil servants gained more ground than any other relevant group. They won the promise of a less comprehensive comparability system in time for their settlement at the end of this wage round, but only after immobilising three quarters of Britain's nuclear submarine force.

At the heart of the comparability system for the 600,000 white-collar civil servants are the findings of the Pay Research Unit, reactivated for this year's settlement with a rider than any deal agreed from its results must be subject to pay policy.

First reports from the unit indicate that the average rises needed for middle-grade civil servants will range between 25 and 30 per cent. Lower-grade clerical staff will need about 20 per cent and some administrative staff between 35 and 40 per cent.

The unit is based on the main recommendation of the Royal Commission on the Civil Service in 1955: "The primary principle of Civil Service pay should be fair comparison with the current remuneration of outside staff employed on broadly comparable work."

Pay research is used to determine pay for the majority of Civil Service grades up to Under-Secretary level. But a confidential guidance document to members of the Pay Research Unit Board, set up this year to ensure the independence of the unit, stresses: "It is not the business of the Pay Research Unit to recommend pay rates on the basis of their surveys, and it takes no part in the negotiations which follow the submission of its reports."

The process now being completed by the unit after 18 months included making an internal survey of the Civil Service pay grades to be included in the system—normally about 65 per cent of grades are directly covered—and looking at a series of jobs in a "representative" sample of public and private sector companies, "chosen to ensure a fair cross section with a proper industrial and geographical spread."

The unit then presents a report on its survey of pay rates to the Civil Service Department, but makes no recommendation on how the gaps between civil service pay and outside "analogues" should be met.

The unit's work is then over, apart from updating the factual evidence—particularly important this year when so many of the companies used in the comparability study have waited on the outcome of the Ford strike before settling.

The process of negotiation—finding a True Money Rate—then begins. Rates in the reports are increased or decreased to take account of elements such as London weighting allowances, bonus payments, susbidised meals, free cars and other fringe benefits.

Figures in the units' document show that a £4,000 survey rate on offices in the outer London pay area would be reduced by 7.5 per cent for London weighting, and by a further £106 for superannuation payments based on the company's own terms, giving a sub-rate of £3,594.

Amounts to take account of company bonus payments (£142), meal allowances (£72) and the use of a company car (£330) are then added on to give a True Money Rate of £4,138 — a 3.45 per cent increase on the report's findings. Rates can also be adjusted downwards.

Not all outside conditions — including hours, leave, staff discounts, cheap loans and mortgages, and travel concessions—can be precisely qualified in the True Money Rate, so an assessment is made by the Civil Service Department and the unions. In the final stages of negotiation, other facters such as job security and mobility are taken into account.

Ministers then consider a detailed submission from the department on the full range of evidence, and authorise a pay offer. The unions move to agreement or arbitration, though "with a common basis of objective evidence, there is always a good prospect of a negotiated settlement."

Militant action by civil service unions, however, could short-circuit the whole process of comparability.

Union leaders have made it clear that if the Government intends to stick to its 5 per cent limit, a pre-arranged programme of industrial action would start, including selective strikes in key areas such as computer manning and Social Security benefit payments.

Union leaders believe that the Government's way out would be to make the civil service a special case with a staged deal.

It could run into difficulties, though, if it attempts to apply flat-rate increases. Half the likely 20 per cent rise needed to fill the gap for clerical workers will not be enough to satisfy executive officers, with a 25-30 per cent gap. Similarly, half the executive office figure would be nearly the full settlement due to clerical workers. If applied, it would further crush middle-grade differentials.

● The Pay Research Unit Board said yesterday that most scientists in the civil service, mainly members of the Institution of Professional Civil Servants, will be included in its comparability exercise for 1980.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● TEXTILES

New loom to start a revolution

SINCE THE war, the British loom building industry has been in a state of contraction to such a degree that it has virtually been obliterated and the vast majority of looms or weaving machines installed by the British trade since then have had to be imported.

This may change with the development in Loughborough of a completely new, high-production loom. It is being developed by Bentley Weaving Machinery (Belton Road, Loughborough LE11 1JD. Tel. 0509 68191), a new member of the Sears and Bentley Engineering Groups.

The Orbit loom is the name given to the development. It is expected that by mid-1979 five of these machines will be operating in British mills where they will have stringent evaluation tests.

The new machine, which is based on an Italian concept, is a step beyond most existing looms and incorporates no less than 18 rigid rapiers which are constantly inserting weft as they revolve in the machine. In fact they are cam-operated and, by linking a cam to a central drive to operate two rapiers, it is possible to produce two cloths simultaneously. As one rapier advances across the warp shed, the opposite one withdraws.

On the basis of the relatively low operating speed of only 100 r.p.m. of the central drive that controls the cams, it means that 1,800 picks per minute will be inserted—higher speeds are possible.

Orbit operates at the relatively low noise level of about 85 db(A) and will initially be aimed at the mass production of industrial fabrics. The first machines will be 1.10-metre-cloth width, but eventually this could be increased to, say, 3-metre widths.

Compared with existing and traditional weaving systems and, of course, depending upon the types of cloth being woven, one Orbit will be equal to between 15 and 20 normal looms. Such is the rate of production that with, say, a very open scrim-type fabric as used in textile wall coverings, it should be possible to make cloth at a rate of 15 metres/minute. This suggests that it might, in such circumstances, be feasible to incorporate in the new loom a laminating unit that would combine the cloth, as made, with a paper support that would stabilise the structure and produce a wall covering in a single stage.

The Orbit loom is a very complex piece of equipment and is likely to sell at between £35,000 and £45,000, but when compared with the investment necessary to provide a matching production capacity this is still a relatively low figure.

Although intended for heavier-type industrial fabrics, perhaps medical dressings (bandaging) and wall coverings, Orbit could well come to be a standard machine for the manufacture of plain fabrics such as the mass-produced print ground cloths that are used throughout the world in massive quantities, but before it is developed as an apparel fabrics machine it will have to prove itself in the industrials area.

Jetstream air conditioning can now be supplied with an integral ion generator which introduces a stream of negatively-charged air molecules into the air flow. It represents—Colt asserts—the first attempt in the ventilation industry to translate into practical hardware some of the results of research that suggest negative ions provide increased efficiency of breathing due to easier exchange of gases in the lungs. Other claimed effects are that the heart-beat is reduced and respiratory sufferers are relieved. A single Jetstream with its oscillating base—the adjacent picture gives an idea of size—provides an all round benefit to a large area. Its maximum "throw" is 20 metres. The unit has wide-spread application in hospitals hotels, factories, schools, department stores, offices, exhibition stands, hairdressers, bakeries, laundries, in fact, any "hot spot" situation which is hot and stuffy. Colt International, Havant, Hampshire PO9 2LY. 0705 451111.

● COMMUNICATIONS

Packet-switching job for Plessey

THE DECISION to go ahead with PSS—Britain's permanent packet-switched data service—has been taken by the Post Office.

To come into operation in about a year's time, PSS will follow the experimental PSS (EPSS) which has now been working for 18 months. It will also give UK users access to international data links using packet switching.

Switches for PSS have been selected and a contract for their supply is now being negotiated with Plessey Controls. It would install the equipment in 1979 to permit first customers to be connected before the end of the year. At the start PSS will be based on nine packet switched service exchanges to be sited in London, Birmingham, Bristol, Cambridge, Edinburgh, Glasgow, Leeds, Manchester and Reading.

● COMPONENTS

Bright gas discharge display

FIFTY per cent brighter than the unit it replaces, an 0.5 in (12.7 mm) screened image planar gas discharge display, the SP-452, by Beckman Instruments, provides 105 foot-lamberts of light output.

Based on a 14-segment design, it can accommodate up to 16 characters and the messages can consist of numerals, letters and special symbols to satisfy point-of-sale and instrumentation displays.

Character size, variety, brightness and the 130 degree viewing angle enable the display to be read easily in bright, dark or other difficult conditions. Measuring 1.55 by 8.90 in (39.4 by 226.1 mm), the SP-452 is for edgeboard mounting, simplifying installation and minimising component thickness. The display requires only 0.8 in maximum mounting depth, including tabulation.

The 14-cathode segments can be conveniently driven by two eight-segment commercially available buffer drivers. Two outputs on the SP-452 are dedicated to driving the decimal point and comma provided with each character.

Beckman operates from Queensway, Glenrothes Fife KY7 5PU Glenrothes 75381.

● QUALITY CONTROL

Faults are all shown up

ALREADY successfully used for testing the integrity of concrete components such as pre-cast beams, a forced vibration test technique developed by Search Engineering of Leatherhead is now undergoing further experimental work for application to engineering items such as castings.

The technique is based on the principle that the resonant frequencies of any structure are determined by its mechanical elastic structure. By applying a swept frequency sinusoidal forcing function (vibration) to the subject under test and measuring its response, natural frequencies, damping, mode shape and phase relationships it is possible, by comparison with a known good item to assess the integrity of the tested unit.

For more detailed data in a large structure, for example, the same equipment can be used in a diagnostic fashion to localise the fault. Such a structure can be easily checked at any period in its life, especially after repairs have been carried out.

The company believes that the technique has considerable scope in many fields of engineering. Details from Unit 20, Randalls Road Estate, Leatherhead, Surrey (03723 78178).

Some doubts on Viewdata

THE ORGANISERS of a recent seminar on Viewdata, European Communications Consultants, say that a number of the 130 delegates had some mixed views about the subject.

Most of the delegates were attending in order to write evaluations for their organisations.

Some of them found the lack of firm cost data a primary obstacle to any definite proposals they might make.

In addition, however, there were some other aspects that caused unease including the fear that incorporation of message services within Viewdata (for example an advertiser could in theory address a specific group of screens) might discourage installation of Viewdata receivers.

Other doubts expressed were about the unknown and variable costs of "thumbing" through the pages of the database to get to the needed information, and the dispersed and duplicated nature of the database. Users would be likely to want all the relevant data on one subject presented together, irrespective of who provided the information. But each information provider's main concern would be in supplying his own data.

ECC is at 2 Duncan Terrace, London N1 (01-278 9517).

● PROCESSING

Scrap tyre recovery

COAL Processing Consultants (CPC) has been awarded a contract by the Department of Industry to review processes which aim to recover useful products from the 13m old car and truck tyres, weighing 150,000 tonnes, at present landfilled or incinerated every year in the UK.

Valuable oils and residues useful to the chemical industry for the manufacture of such products as fuel oils and carbon black can be recovered by heating the tyres under controlled conditions and in the absence of oxygen, so that they do not actually burn. Gas given off in the process can be used to fuel the heating furnaces.

Processes being studied by CPC are those of Batchelor Robinson, involved in a DOI-supported pilot plant development programme at the Warren Spring Laboratory; Foster Wheeler, which has developed a process under licence from NRDC; and Ugland (UK), with technology available under licence from Itenco of Houston, Texas.

Coal Processing Consultants is a joint company of the National Coal Board, through NCB (Coal Products), and Babcock and Wilcox though subsidiary, Woodall-Duckham.

Purpose of the study is to give the DOI an impartial technical and economic review of the three processes. CPC is due to present initial findings in December.

Further details from 01-235 2020.

Electronics give heat

ELECTRONIC and digital, a new thermometer looks like a conventional pocket calculator—minus keyboard.

It weighs only 5.5 ounces and is supplied complete with an easy-to-clean probe which can be stored in a built-in holder when not in use.

British Rototherm expects its Electrotherm to find application almost anywhere in industry, commerce, laboratories and medical establishments.

Operation is simple: the unit is switched on, the probe tip is placed in contact with the material to be tested and the bright LED display indicates the temperature.

Accuracy is guaranteed to plus or minus 0.5 degrees F over the entire range with 0.1 degree resolution. It needs neither calibration nor complicated adjustments to maintain this high level of accuracy.

Centigrade or Fahrenheit scales are selected at the flick of a switch. Ranges are 0 degrees C to 110 degrees C and 32 degrees F to 230 degrees F.

Further information can be obtained from British Rototherm Company, Margam, Port Talbot, West Glamorgan SA13 2PW, South Wales. Kenfig Hill (0656) 740551.

Skims food fats cleanly

HOTACO OF Denmark, is marketing a fat separator intended to take fats and oils from waste processing water.

This lightens the burden at municipal treatment plants and at the same time, valuable by-products can be retained.

The Trix fat separator is automatic and considerably more efficient than traditional units. Tests show that it is capable of retaining three or four times as much fat and oil than hitherto.

The plant is, in principle, a small dissolved air floation unit. Originally it was developed as a custom design for a casing company. Now, several are working in Danish bacon factories, while more are on order for abbattoirs, fish processing units, mayonnaise and sausage plants, oil mills and soap factories and pet food companies.

The method consists in whisking air through the water, thereby carrying fat particles on fine air bubbles to the surface. Such particles vary greatly in size but have a specific gravity close to that of water and traditional fat separators are inefficient.

If connected directly to a production line, the separator will keep fresh and uncontaminated which is important since the value of the otherwise wasted fats, which appear in large quantities in several industries, is considerable.

Tests carried out in the casing department of a bacon factory showed that the quantity of fat in waste water after traditional purification was nearly 13 times that measured with the Trix separator employed, this latter method retaining 90-95 per cent of the fat.

Hotaco A/S Nordisk Trieltor, 38 Fabriksparken, P.O. Box 148, DK-2600 Glostrup, Denmark.

● *By agreement between the Financial Times and the BBC, information from The Technical Page is available for use by the Corporation's External Services as source material for its overseas broadcasts.*

● CALCULATORS

Cheaper for the pocket

SMALL IS not only beautiful—in the case of two newly launched calculators, it is also very cheap.

Just about the size of a credit card, and actually called a credit card calculator, is the Prinztronic LC70, which measures only 3¼ x 2⅛ x ⅛ inches, and has an automatic shut-off to operate if no entry has been made for 7 minutes.

To carry in pocket or handbag is a model called Slimline which measures 4¼ x 1⅞ x 5/16 inches, and has a clip enabling it to go in an inside pocket. It has a locking device for arresting the calculator at any point in a calculation, but at the same time switching off the display. Thus the user can stop any calculation and return to it much later without the danger of other keys being pressed while in the pocket, for instance. This facility is quite separate from the memory.

Further from Dixons Photographic (UK), Prinz House, 54 High Street, Edgware, Middx (01-952 2345).

● SHIPPING

Bounty to sail again

A NEW replica of HMS Bounty is being built to Lloyd's Register's +100A1 Yacht classification by Whangarei Engineering and Construction of New Zealand. In addition to classification it is being supervised during construction of the replica, plans of which are based on copies of the original Admiralty plans dated 1787.

Twentieth century technology has been used to fabricate a steel hull which is being clad in timber. The hull will be identical in form to the vessel built at Hull in 1784.

Externally the ship will be an exact duplicate of the Bounty but below decks modern propulsion units and auxiliary generating sets will be installed and advanced navigation equipment will be fitted including a satellite navigator.

Lloyd's Register, 71 Fenchurch Street, London EC3M 4BS. 01-709 9166.

An open letter from **Michael Fores** to Sir Monty Finniston's inquiry into the engineering profession

Why the engineer is more manager than scientist

AS someone who has spent a decade trying to collect together facts and figures about the engineer's position in society, I thought it appropriate to write an open letter to you about your inquiry. The standing of engineers in Britain is certainly eccentrically low, and I hope your coming report will be able to do something about it.

It has always seemed to me that the British are not sufficiently familiar with the distinction between the "scientist" engineer—the white coated man from the laboratory—and the engineer at work in a factory. They see engineering as peeping out from "science's" pocket; though this is certainly not the case for most other countries.

Then, there is the whole question of engineers forming themselves into a "profession," or rather a series of professions, in a way which is virtually unknown outside the English-speaking world. In this case events are already moving in the way which I think is right; so perhaps you can give them a push along.

Practice

The trouble with professionalism for engineers, both as an ideal and as a working practice, can be explained simply. The model was set up for small-town advisers, who concentrate on a service function to individuals; such as doctors, lawyers and clergymen, all ministering to the flock, to help them through trouble.

Most engineers, in contrast, are managers of some type or other. CEI surveys confirm that. Most of the country's more important engineers are in "line" jobs, rather than the staff roles concerned with service. Those with which your inquiry is most concerned are in the business of making useful products for the world.

The modern haven as far as the "professional" ethic is concerned is Fairview, SW99, where adviser-types live, play golf and go to Rotary on Thursdays. There is nothing much wrong with choosing to live in this way, of course. But Britain's factories are in Bolburn, Lancs, where a different sort of ethic holds. Working efficiently in factories is what we seem to be rather bad at as a nation.

The engineering "profession" or professions, are fast driving themselves out of a job by opting for an all-graduate group for the top layer. This has been the case in Continental Europe for a hundred years, and seems to have done them no harm. So long as companies can hire those whom they think to be the best candidates for individual jobs, the system works well enough. The late-developer still has his chance; and those with prestigious qualifications from universities give the whole group a big name.

The changes now in train mean that the principal function of the British "professional" group, its qualifying function, is on the way out, and high time too. With engineering as a "graduate profession," young people realise—sensibly enough—that all you have to do to make the grade is become a graduate, not to become a "professional" too. Since the professional model is mainly to do with service jobs, this ought to be all to the good for manufacturing enterprise; and so for the country too, given British manufacturing's weak state. •

"Professional" entry involves examinations; it involves, too, claims for high status through the qualified man's access to a particular body of knowledge. Thus, a lawyer knows the book of law, and a medical doctor has tomes of biology on his consulting room shelf.

However, although these adviser-types are in the business of personal service and are members of "learned" groups, most of their clients (or patients) would prefer active doctors and lawyers. They want to cut through the "lettered profession" part, to find a doctor with a good bedside manner, and a lawyer who can think on his feet. In reality, the "book" is a less important part of the professional apology.

The same goes for an engineer in manufacturing, only more so. He has to get on with his workforce, to make quick decisions when machines break down, and generally to be seen to be in control. There is never a book to tell him what to do, and rarely much help in "science" to guide him through the day.

Time is one constraint that stops the working engineer from being well described as a "scientist" of sorts. Risk is another; he has to make decisions bearing in mind a future which remains cloudy and broadly unknowable. But, most of all, no one has ever written his book, or rather, the engineer is the person to be hired to do things that books do not write about. If the reality of the world of medicine departs significantly from the professional model, that of the world of most engineering departs from it catastrophically.

Strangely, those last remarks serve to introduce my third point. For good or ill, we seem to be moving towards a corporate state, if only because everyone says that we are. In some respects, the process of making big decisions has already become tripartite, with company bosses, union leaders and Whitehallers gathering together to make them.

The biggest problem with this move is, in my opinion, that the process can quickly become a conspiracy against the people. Head-office types from the three areas of influence will set out to rule the world. Chaps who zoom around London all day in official cars, and never take a bus, will plan our destinies.

Almost as worrying is a matter closer at home. Manufacturing is to do with buying in, fashioning and selling out bulky artifacts which are meant to be useful in a variety of places. Cost should be a major preoccupation; but above all, the thing made needs to be what people want.

Whitehallers, participants in the new tripartite events, are cossetted folk by habit and background. Everyone knows the old jibe that few of their number have ever so much as run a whelk stall; that is true enough. Commerce is much to do with cost; and, on this last point, as on others, Parkinson was right. Whitehall is good at saving on the pounds; but it is profligate at spending the millions, on any cause which has been written up as patriotic and humane. "Surely the Northend Hackney cab industry cannot be allowed to collapse. Think of the women, the children and Britain!"

Sadly there is more to the whelk stall question than that, as I am sure you have discovered yourself. It is difficult to understand the nature of the Whitehall bone-crushing juggernaut, and even more difficult to describe it.

For an engineer, however, the case is easier. In the old American phrase he is just "the guy who can make for one dollar what any damned fool can make for two." Whitehallers, other armchair seers, and other do-gooders, may be prone to take up appealing and poetic catch-phrases, such as "more innovation," "more investment," "better economic management," "the need for structural change," or "organisational imperatives"; but the crunch is usually on the question of \$1.05, as against \$1.00, for the cost of making sludge-cocks.

If, say, in a moment of rashness, the Department of Sticks and Stones decided to employ some people who had run a few whelk-stalls, would this be enough? I fear not. The average Whitehaller has been at it for years, enjoys spending money, and knows the tripartite and governmental ropes. The ex-whelk staller will be out of his depth immediately, partly because the ropes which he is used to pulling are strings; and partly because he does not know anything either about "industry" in all its modern glory—the subject of concern of most of those tripartite deliberations.

Policy

What Whitehall needs, in scores and not just in ones and twos, are people who have had substantial line experience in manufacturing, engineers included—others should depart to make way for them.

When I was doing my ten-year stint in Whitehall, one thing which struck me forcibly was that my colleagues had great faith in getting the principles and policy right; and then . . . away we go. Engineers, at least, know that policy, like science, is not really the name of the game.

Most Whitehallers could hardly run a whelk-stall, and are unlikely to know what a sludge-cock even looks like. They are generally armchair people who are scared of heavy objects. I have little hope for the corporate state myself; but if we are to have it, can you please order up some people who understand manufacturing enterprise for Whitehall.

Michael Fores, a freelance writer, was until recently a member of the Government Economic Service, working in the Department of Industry.

Most Whitehallers could hardly run a successful whelk stall, and are unlikely to know what a sludge-cock even looks like.

The Japanese way of supporting small companies

"WE LOOK to small business to revitalise our economy, to provide employment, to improve the quality of personal consumption, and to promote local economic development."

Such sentiments have a familiar ring about them, and could well have come from a British politician. But they were expressed by Mr. Tomosaburo Sakon, director-general of Japan's Small and Medium Enterprise Agency.

Speaking at the recent International Symposium on Small Business, in Los Angeles, California, Mr. Sakon delivered a keynote address which spelt out the crucial role that small businesses have to play in the Japanese economy. He spoke, for example of how small businesses as a group account for some 80 per cent of all people employed by private businesses engaged in non-primary industries.

Even though the proportion of total direct exports from Japan that is accounted for by small businesses has dropped from 30 per cent since the early 1960s to a current 20 per cent, the figure remains at 50 per cent when indirect exports are taken into account.

The exporting strength of Japanese small companies is basically rooted in the country's lack of natural resources, said Mr. Sakon. As a result post-war efforts had been concentrated on building an industrial structure orientated towards overseas markets.

However, Mr. Sakon made it clear that small Japanese companies, in common with those in other countries, are facing difficulties as a result of both the recession in world markets and the strength of the yen against other currencies, particularly the dollar. Their share of Japanese exports to North America, their biggest market, fell from 37 per cent to 21 per cent between 1971 and 1976, during which period the yen appreciated 100 per cent against the dollar.

The consequent fall-off in earnings resulted in a large number of small exporters being "threatened with extinction," said Mr. Sakon. To combat this, the Japanese government introduced legislation designed to cushion the impact of violent changes in exchange rates, but "by no means to undermine the adjustment function of international trade by the freely changing exchange rates."

This legislation was just one of a whole host of examples given by Mr. Sakon of the way small- and medium-sized businesses are encouraged in Japan. As he put it: "Because of the important role of small business in the goal of achieving balanced economic growth, it is necessary to implement measures designed to cope with finely-defined problems facing small businesses."

The Government provides a "management diagnosing service" which helps small businesses to rationalise their operations and improve their technology. It has also established the Small Business Promotion Corporation to sponsor joint projects which are beyond the capacity or competence of individual small companies. As an example, Mr. Sakon quoted the creation of an industrial "park" where participating business operations can share manufacturing facilities or pollution control equipment.

No delay

Legislation has also been enacted which requires large companies placing sub-contracts with small firms to make subsidies for their modernisation. Big companies are also by law not allowed to delay payments to small ones.

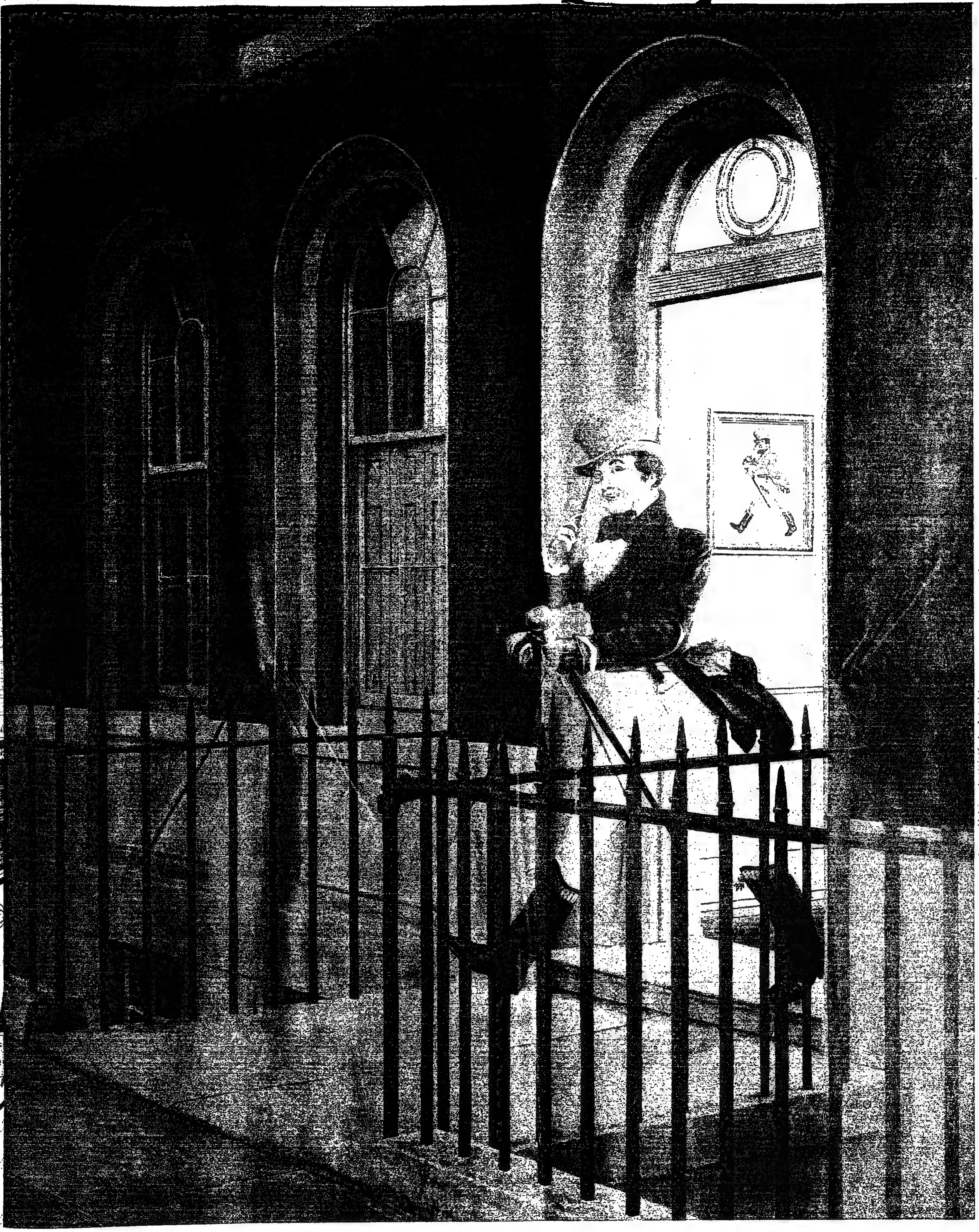
Mr. Sakon described how small companies have been helped financially through special institutions. A Credit Guarantee Corporation has been established, to which both local public bodies and financial institutions contribute, "for the purpose of providing needy small firms with guarantees to help them qualify for commercial loans." And to reinsure these credit risks the government has established the Small Business Credit Insurance Corporation.

The needs of small companies faced with changes in their market environment are also catered for by special financial and tax incentives intended to help small companies switch from one activity to another.

And should the worst come to the worst and a small company goes bankrupt, the government has established a "mutual aid system" to safeguard other small businesses from getting caught up in a chain reaction.

Nicholas Leslie

هكذا من الأصل



Somehow, Black is more suitable for evenings.

Johnnie Walker
Black Label

EXTRA SPECIAL OLD SCOTCH WHISKY

LOMBARD

When a dog's bite is his last

BY COLIN JONES

THE OBVIOUS solution to a problem may not always be the most effective way of dealing with it. This thought is prompted by the idea that the way to deal with secret cartels and price rings is to impose much tougher penalties upon companies which fail to register restrictive trading agreements.

It is a proposition which has been attracting considerable support. It is more than 20 years since the restrictive trade practices legislation was placed on the statute book. Yet several hundred unregistered agreements have been brought to light in the past few years in construction, building materials, bread, telephone cables, diazo copying materials and other industries, many of them having been operated in secret for years.

Since many of these agreements constitute unfair trading by one section of industry to the detriment of another it seems only right, many people argue, that failure to register should be made a criminal offence or—as the Consumers' Association suggested the other day in its evidence to the inter-departmental committee reviewing the Restrictive Trade Practices Acts—that it should lead to the imposition of civil penalties by the Court on the application of the Director General of Fair Trading.

Disregard

These consequences might seem more equitable. But would they discourage the formation of new agreements and would they make those that were still being operated in secret any easier to track down? Secret price rings and cartels are a problem that all anti-trust authorities face, in other countries as well as here, even in the United States where the Department of Justice employs several hundred lawyers on this task alone.

All of them rely upon some sort of tip-off from the trade or national press or upon complaints from customers and other businessmen. But their basic difficulty even then is to get hold of sufficiently solid evidence to make a case in Court. If failure to register a restrictive trading agreement were to become a criminal offence, that evidence could become even more difficult to obtain. It would be driven further underground, as U.S. experience (where criminal penalties obtain) shows.

It is moreover a mistake to imagine that all such agreements in this country or even a majority have been initiated by senior management as a deliberate act of company policy in knowing disregard for the law. Many were begun in response to day-to-day business pressures by local managers who did not realise what they were getting into or were unaware of the dividing line between what is and what is not registrable.

The operation of unregistered agreements is a significant problem but it should not be overstated. Consideration ought first to be given to the investigatory powers the Director General of Fair Trading presently possesses and to the penalties for non-registration that already obtain. The Director General has a statutory power to ask for details of an agreement if he has "reasonable cause" to believe that one exists or may exist, and this can lead on to examination on oath before the Restrictive Practices Court. But a Court of Appeal ruling in 1969 so narrowed the meaning of "reasonable cause" that in order to use this provision he virtually has to be in the position of knowing so much already that he does not need to ask for more.

This clearly is an instance of where the law could be suitably amended. Unless a company or an individual decides to reveal all, virtually the only action the Director General can take is to consider whether there is a case for a Monopolies Commission reference (a course which has been adopted in the past). His formal powers of investigation need reviewing. At the same time, there could be case for empowering less formal inquiries—such as a request for an explanation of certain price patterns, or what is a company's policy on discounts.

Penalties

As for the penalties for non-registration, these were improved 10 years ago. An unregistered agreement is automatically void: in other words, the participants cannot legally enforce it or any rights it may give them. Anyone whose interests have been harmed by the operation of the agreement can sue for damages. And once the agreement comes before the Court, the Director General can ask for an injunction restraining the participants from making not only a similar agreement but any unregistered agreement. As private suits for damages are not easy to prove, there may be a case for the imposition of civil penalties by the Court. But Court injunctions are a formidable sanction which have been invoked in past cases. They allow each dog just one bite—its last one.

Harvesting the lovely agapanthus

GARDENS TODAY

BY ROBIN LANE FOX

THE FIRST frosts have at last done their job on the borders, so you can go about the business of cutting them down with a clear conscience.

Never do I remember such autumn colours in the smaller shrubs and border-plants, the changing leaves of which we usually miss. Growers of peonies have been treated to drifts of red leaves which would rival any cherry or spindle-tree. Perennial geraniums have been as bright as those small maples with names like Japanese motor-bikes. But I have been itching to tidy them up and see exactly how much bindweed has spread into them in the past year. At the same time I have an eye open for the last seed-pods. If you are alert, you can lay the foundations of a new garden by taking a few brown envelopes out into the border for seeds at this late season. Several readers have written to report with pleasure on their stocks of regale lilies, grown from seeds which had been saved, as suggested here, from their own seed-heads. Now is just the right moment for saving these lily-seeds again in an air-tight tin or envelope. It is also the right time for harvesting the lovely agapanthus. Such is the value that I have had from my seedlings of these lovely plants and such are the prices that they command as one-year-old stock that I intend to divert you to them this week because, on a three-year view, they must be the best enterprise open to you.

Unmistakeable

Agapanthus seeds are unmistakeable. They are firm, black and easily colected from the round flower-heads as they begin to droop and turn yellowish-white. You should save them in any dry airtight container and sow them next spring in a box of light, well-drained compost. They germinate freely, looking slightly like young onions if you are not wholly familiar with them. Prick them out as if they were bedding plants, into boxes two inches or so apart, if you are growing a mass of them, or into pots if you are only growing one or two. In the autumn, when they die down to those odd clumps of fleshy roots, you should line them out in a corner where you do not mind their slow progress for another year. Move them into their permanent home in the following spring, the second after germination. They will flower that autumn, but they will be at their best in the next year.

It is a routine process: I describe it only as a reminder of how easy it is. The hardiness of these South African flowers is now beyond question. I never cover any of mine with anything during the winter and have lost none, to date. They dislike wet in their crowns, which rot too easily, and this may collect more freely in any covering of straw and so forth which you put on them. Otherwise, they like an open, light soil, preferably not clay. They must face the sun, south or west, and are at their best, physically and aesthetically, below a south-facing wall. If you do happen to buy a few as mature plants, do not be puzzled by their trails of fleshy roots and the unobtrusive apex from which the growths will appear. Spread the roots out neatly and plant so that the top is just above ground-level. Supermarkets have begun to sell stock in polythene packets for spring planting. These are quite a sound buy, as may do not object to drying out before you plant them. But your own seedlings are cheaper and more fun. Older plants are infinitely divisible.

The tough one

What is the choice? You must have some white ones among your blues. As long as you start with some named white stock you can be virtually certain that some of your seedlings will repeat the colour. The one to buy is the hardy Campanulatus albus, which is tough and never a trouble. For the rest I am keen on various named forms of the blue campanulati, not least the dark and free-flowering Weillighi, now sold by the brand name Isis to suggest an Oxford depth to its colouring. There are other selected sorts, not least a softer blue called Profusion which lives up to its name. But as good a plan as any is to sow seed of all available varieties, especially the famous Headbourne hybrids, raised with patience in post-war Hampshire. These are the hybrids which made the agapanthus's name: thoroughly hardy, compact and spanning a good range of blues. The older sort which used to grow in tubs is now known correctly as Praecox. Orthodoxy has it that this is not strictly hardy, yet I still have divisions from plants in a tub now some 20 years old which stand the winters below a south wall without protection. Their flower-heads, to my eye, are a little bigger and better and thus worth preserving. But they may be a variation, for the greatest pleasure of seedling agapanthi is that you are never quite sure that you may not have raised a winner yourself.

From my last batch I had whites, sky-blues, dark blues, milk-blues, which I chucked out, and a startling group of variegations the leaves of which were actually blotched in the centres with a cream-white splash which comes and goes with age. The latter are not unkonwn, but they have come to me quite by chance. You must watch, then, for the first flowers on your young plants, usually in the second year and choose any you like from their range. Wistful gardeners sometimes remark that they wish they, too, could discover some new variety and give their name to it. Seedling agapanthus seem to me the easiest way of raising your own home favourite, something you can then perpetuate by division. The more seeds you sow, the more selective you are. Packet them, then, as you cut the beds down, as seedsmen never sell you enough.

The agapanthus's name must mean, I presume, the "flower of love." That does not seem to me too strong when its streams of true blue flower-heads are everywhere in a patient seed-collector's August garden.

Swiss Maid can break sales record at Newmarket

RACING

BY DOMINIC WIGAN

THE MAJOR Tattersalls auction of the year, the December sales at Newmarket, gets under way tomorrow and there is every reason to think that a number of records will tumble.

By far the most fascinating aspect of the sale for most will be the guesswork concerning that remarkable filly, Swiss Maid, one of the 1,500 lots due to be sold On Monday evening, the Welsh Pageant three-year-old, who climaxed an outstanding autumn with a clear-cut victory in the Champion Stakes, seems certain to become the highest-priced thoroughbred of any age to have been sold in Europe.

The Vaguely Noble record of 136,000 gns. was only narrowly capped by the 154,000 gns. laid out for Mrs. McCardy; but few anticipate Swiss Maid going for anything less than about double that price achieved by the 1,000 gns. winner.

Although Swiss Maid's pedigree (she is out of the Hornbeam mare, Hornton Grange) will not be of universal appeal, her outstanding track record, coupled with gameness and toughness, seem certain to have the major foreign investors looking for top brood mare material in fierce competition.

Provided that her owner, Max ine, does not scare away potential bidders with an enormous reserve on Monday, Swiss Maid will undoubtedly set a new record and, quite possibly, one which may not fall for a long time.

Turning to this afternoon's National Hunt sport, by far the most valuable event of the day is the Edward Hanmer Memorial Chase, a limited handicap over three miles at Haydock. Here there would be no more popular winner than Sir John Hanmer's Fine, does not scare away potential Royal Frolic, who has often shown his appreciation for the stiff Lancashire course and its formidable fences.

The Fred Rimell nine-year-old may well prove capable of taking this prize without the benefit of a previous outing: but I believe that it is asking a lot of him to concede weight to Bachelor's Hall, who is certain to be all the better for a recent outing at Worcester.

12.30—Mister Cool**
1.00—Justafancy
1.30—Seata
2.00—Bachelor's Hall***
2.30—Chokwaro
3.00—Double Negative*
3.30—Princely Mark

Hull in land deal with British Rail

EXECUTIVES OF British Rail's Property Board were in Hull yesterday to sell or lease some of the 785 acres of land the board owns there.

They are negotiating the disposal of 128 acres to the City Council, which is short of land, for housing, and another 87 acres for industrial development on a former marshalling yard.

The board is also to put up small factory buildings for on a six-acre site at a first-stage cost of £100,000, near an industrial site on the city's western boundary.

TV Radio

† Indicates programme in black and white

BBC 1

9.15 am For Schools, Colleges. 12.45 pm News. 1.00 Pebble Mill. 1.45 Over the Moon. 2.01 For Schools, Colleges. 3.00 Delia Smith's Cookery Course. 3.53 Regional News for England except (London). 3.55 Play School. 4.20 Wally Gator. 4.25 Jackanory. 4.40 Animal Magic. 5.05 John Craven's Newsround. 5.10 The Moon Stallion.

5.40 News.
5.55 Nationwide (London and South-East only).
5.55 Nationwide.
6.20 Nationwide.
6.45 Are You Being Served?
7.15 The Rockford Files.
8.05 Secret Army.
9.00 News.
9.25 The Fall and Rise of Reginald Perrin.
9.55 Sportsnight.
10.45 Tonight.
11.25 Weather/Regional News.

All Regions as BBC 1 except at the following times:—

Wales—10.00-10.20 am and 2.18-2.38 pm I Ysgolion. 3.00-4.15 Rugby Union: Monmouthshire v. New Zealand. 4.15-4.40 Play School (As BBC 1 3.55 pm). 5.10 Bilidowcar. 5.35-5.40 Crystal Tipps and Alistair. 5.55-6.20 Wales Today. 6.45 Heddiw. 7.10 Fo A Fe 7.40-8.05 Tomorrow's World 11.25 News and Weather for Wales.

Scotland—11.00-11.20 am and 2.18-2.38 For Schools. 5.55-6.20 Reporting Scotland. 11.25 News and Weather for Scotland.

Northern Ireland—3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 9.25-9.55 Spotlight on people in Northern Ireland. 11.25 News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich): Look North (Leeds, Manchester, Newcastle): Midlands Today (Birmingham): Points West (Bristol): South Today (Southampton): Spotlight South West (Plymouth).

BBC 2

10.20 am Gharbar.
10.45 Parosi.
11.00 Play School (as BBC 1 3.55 pm).
5.35 News on 2 Headlines.
6.00 Animal World.
6.50 Michael Strogoff.
7.45 Mid-Evening News.
7.50 The Story of English Furniture.
8.15 The Money Programme: Sir Harold Wilson and the City.
9.00 M*A*S*H.
9.25 Play of the Week.
10.45 My Kind of Movie: J. B. Priestley on "Ninotchka."
10.50 One Foot In Eden: Orkney and the music of Peter Maxwell Davies.
11.40 News.
11.55 Closedown, talk.

LONDON

9.30 am Schools Programmes. 12.00 The Adventures of Rupert Bear. 12.10 pm Stepping Stones. 12.30 Sounds of Britain. 1.00 News plus FT Index. 1.20 Thames News. 1.30 Crown Court. 2.00 After Noon. 2.25 The Moneychangers. 3.50 Tell Me Another. 4.20 The Sooty Show. 4.45 Fanfare for Young Musicians. 5.15 Batman.

5.45 News.
6.00 Thames at 6.
6.25 Help!
6.35 Crossroads.
7.00 This Is Your Life.
7.30 Coronation Street.
8.00 Wednesday at Eight.
9.00 Edward and Mrs. Simpson
10.00 News.
10.30 Mid-week Sports Special: England v. Czechoslovakia.
11.40 Late Night Theatre.
12.35 am Close: A painting by Picasso and music by Stravinsky.

All IBA Regions as London except at the following times:—

ANGLIA

1.25 pm Anglia News. 2.00 Houseparty. 5.15 Mr. and Mrs. 6.00 About Anglia. 11.40 Chopper Squad. 12.35 am The Big Question.

ATV

1.20 pm ATV Newsdesk. 5.15 You're Only Young Twice 6.00 ATV Today. 11.40 Ritchie Brockelman. 12.40 am Inside Business.

BORDER

1.20 pm Border News. 2.00 Houseparty. 5.15 Bernie. 6.00 Lookaround Wednesday. 11.30 Power Without Glory. 12.25 am Border News Summary.

CHANNEL

1.18 pm Channel Lunchtime News and What's On Where. 2.25 TV Movie. "Murder Of Mercy." 5.15 Emmerdale Farm. 6.00 Channel News. 6.15 Arthur. 10.28 Channel Late News 11.40 S W A T. 12.30 am Epilogue followed by News and weather in French.

GRAMPIAN

9.25 am First Thing. 1.20 pm Grampian News Headlines. 5.15 Emmerdale Farm. 6.00 Grampian Today. 10.30 Celebrity Concerts (Connie Stevens). 11.40 Barnaby Jones. 12.35 am Reflections. 12.40 Grampian Late Night Headlines.

GRANADA

1.20 pm This Is Your Right. 2.25 Wednesday Matinee: Louis Jourdan in "The Great American Beauty Contest." 5.10 What's New 5.15 Crossroads. 6.00 Granada Reports. 6.30 Mr. and Mrs. 11.40 Bluey.

HTV

1.20 pm Report West Headlines. 1.25 Report Wales Headlines. 2.00 Help Yourself. 5.20 Crossroads. 6.00 Report West. 6.15 Report Wales. 6.30 Emmerdale Farm 11.40 The New Avengers.

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 pm Panawdau Newyddion y Dydd. 4.20-4.45 'Rydw'I Am Fod. 6.00-6.15 Y Dydd. 10.30-11.40 Mid-week Sports Special from the Racecourse Ground, Wrexham (highlights from tonight's ... round qualifying match Wales v. Turkey). ...

HTV West—As HTV General Service except: 1.20-1.30 pm Report West Headlines. 6.15-6.30 Report West.

SCOTTISH

1.25 pm News and road and weather. 2.00 Women Only. 5.15 Cartoon. 5.20 Crossroads. 6.00 Scotland Today. 6.30 Report. 10.30 Late Call. 10.35 Police Story.

SOUTHERN

1.20 pm Southern News. 2.00 Houseparty. 3.50 The Rolf Harris Show. 5.15 The Undersea Adventures of Captain Nemo. 5.20 Crossroads. 6.00 Day by Day. 6.35 Scene Mid-week (South-East area only). 11.40 Southern News Extra. 11.45 George Hamilton IV.

TYNE TEES

9.25 am The Good Word followed by North East News Headlines. 1.20 pm North East News and Lookaround. 2.00 Women Only. 5.15 Laverne and Shirley 6.02 Northern Life. 11.40 Inside Business 12.10 In Concert (Sutherland Brothers and Quiver). 12.35 am Epilogue.

ULSTER

1.20 pm Lunchtime. 4.18 Ulster News Headlines. 5.15 Cartoon. 5.20 Crossroads. 6.00 Reports. 6.35 The Bob Newhart Show. 11.40 Bedtime.

WESTWARD

12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 2.25 TV Movie: "Murder of Mercy" starring Melvyn Douglas and Bradford Dillman. 5.15 Emmerdale Farm. 6.00 Westward Diary. 10.28 Westward Late News. 11.40 S.W.A.T. 12.30 am Faith for Life.

YORKSHIRE

1.20 pm Calendar News 5.15 Mr. and Mrs. 6.00 Calendar (Emley Moor and Belmont editions). 11.00 Electric Theatre Show. 12.10 am Police Surgeon.

BBC Radio New Wavelengths

1 1053kHz/285m 1089kHz/275m	3 1215kHz/247m & 90-92.5vhf stereo
2 693kHz/433m 909kHz/330m & 88-91vhf stereo	4 200kHz/1500m & 92-95vhf

BBC Radio London: 1458kHz, 206m & 94.9vhf

Capital Radio: 1548kHz, 194m & 95.8vhf

London Broadcasting: 1151kHz, 261m & 97.3vhf

RADIO 1

(S) Stereophonic broadcast
‡Medium Wave

5.00 am As Radio 2. 7.00 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Burnett. 2.00 pm Tony Blackburn. 4.31 Kid Jensen. 6.30 Radio 1 Mailbag. 7.30-8.15 As Radio 2. 10.02 John Peel (S). 12.00-5.00 am: As Radio 2.

VHF Radios 1 and 2: 5.00 am With Radio 2. 8.15 Semprini Serenade (S). 9.02 The Impresarios. 9.55 Sports Desk. 10.00 With Radio 1. 12.00—Close with Radio 2.

RADIO 2

5.00 am News Summary. 5.03 Tony Brandon (S) including 6.15 Pause for Thought. 7.32 Terry Wogan (S) including 8.27 Racing Bulletin and 8.45 Pause for Thought. 10.03 Jimmy Young (S). 12.15 pm Waggoners' Walk. 12.30 Pete Murray's Open House (S) including 1.45 Sports Desk. 2.30 David Hamilton (S) including 2.45 and 3.45 Sports Desk. 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.47 John Dunn (S) including 5.45 Sports Desk. 6.45 Sports Desk. 7.02 Robin Richmond. The Organist Entertains (S). 7.30 Listen to the Band (S). 8.15 European Soccer Special: England v Czechoslovakia. 9.30 Joins vhf (The Impresarios). 9.55 Sports Desk. 10.02 The News Huddlines with Roy Hudd. 10.30 Geoffrey Bennett says Be My Guest. 11.02 Sports Desk. 11.15 Brian Matthew introduces Round Midnight including 12.00 News. 2.00 News Summary.

RADIO 3

6.55 am Weather (comprehensive forecast). 7.00 News. 7.05 Your Midweek Choice, part 1 (S). 8.00 News. 8.05 Your Midweek Choice, part 2 (S). 9.00 News. 9.05 This Week's Composer: Puccini (S). 10.05 New Organs From Old (S). 10.45 Ernest Lush in Brahms Sonatas (S). 11.30 Vienna Festival 1978 concert, part 1: Schubert Beethoven (S). 12.15 pm Interval Reading. 12.20 Concert, part 2: Mozart. 1.00 News. 1.05 Concert Hall (S). 2.00 Choral and Orchestral Concert (S). 3.10 The Renaissance of English Chamber Music (S). 4.30 Building a Library of records (S). 5.45 Homeward Bound (S). 6.30 News. 6.35 At Home: Guido Cantelli conducts Tchaikovsky's Fourth Symphony. 7.30 Art and Audience—The Theatre of John Whiting 1917-1963 (a reassessment). 8.10 Edinburgh International Festival 1978: Berlioz concert, part 1 (S). 9.10 The Arts Worldwide. 9.30 Edinburgh International Festival, part 2 (S). 10.45 The Trio-Sonata (S). 11.45 News. 11.50-11.55 Tonight's Schubert Song (S).

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping forecast. 6.30 Today Magazine, including 6.45 Prayer for the Day. 7.00 and 8.00 Today's News. 7.30 and 8.30 News headlines. 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 9.00 News. 9.05 The Living World. 9.35 Parent Power. 10.00 News. 10.05 Gardeners' Question Time visits Buckinghamshire. 10.30 Daily Service. 10.45 Morning Story. 11.00 You, The Jury. 11.45 Listen With Mother. 12.00 News. 12.02 pm You and Yours. 12.27 Dr. Finlay's Casebook. 12.55 Weather, programme news. 1.00 The World At One. 1.40 The Archers. 1.55 Shipping forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.05 Afternoon Theatre. 3.50 Choral Evensong (S). 4.35 Story Time. 5.00 PM News magazine. 5.50 Shipping forecast. 5.55 Weather, programme news. 6.00 News. 6.30 My Word! (S). 7.00 News. 7.05 The Archers. 7.20 Checkpoint. 7.45 The Reith Lectures. 8.15 The Hitch-Hiker's Guide to the Galaxy (S). 8.45 Analysis. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 An Actor In His Time. 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 9.00 London Live. 12.03 pm Call In. 2.03 206 Showcase. 4.03 Home Run. 6.10 Look, Stop, Listen. 7.30 Black Londoners. 8.30 In Concert. 10.03 Late Night London. 12.00 As Radio 2. 12.05 am Question Time from the House of Commons. From 1.05—As Radio 2.

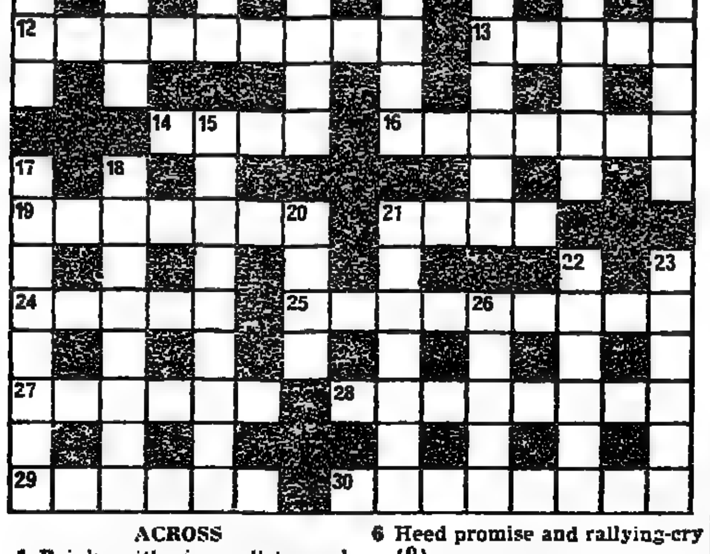
London Broadcasting

5.00 am Morning Music. 6.00 A.M.: non-stop news, information, travel, sport. 10.00 Brian Hayes Show. 1.00 pm LBC Reports. 3.00 George Gale's 3 O'clock Call. 4.00 LBC Reports (continues). 8.00 After Eight. 9.00 Nightline. 1.00 am Night Extra.

Capital Radio

6.00 am Graham Dene's Breakfast Show (S). 9.00 Michael Aspel (S). 12.00 Dave Cash (S). 3.00 pm Roger Scott (S). 7.00 London Today (S). 7.30 Adrian Love's Open Line (S). 9.00 Nicky Horne's Your Mother Wouldn't Like It (S). 11.00 Tony Myatt's Late Show (S). 2.00 am Duncan Johnson's Night Flight (S).

F.T. CROSSWORD PUZZLE No. 3,835



ACROSS

1 Drink with journalists and hold back publication (8)
5 Twig it could be a crone from the south (6)
9 Limit soldiers with rigorous following (8)
10 Express race (6)
12 Cut fish and hog (9)
13 He will love this greeting (5)
14 Nips back for a short drive (4)
16 Cod I see and it could be the bishop's, see? (7)
19 Spun of tendrils in part but it's infrequent (7)
21 Pretentious air in team (4)
24 Cut round pole using teeth? (5)
25 Thing passed around at church may be seen on the roof (9)
27 Stop at sea and follow 26 for sailors' game (6)
28 Apportion everything Officer Commanding consumed (8)
29 Find and attack (6)
30 WRNS head making bird tender (8)

DOWN

1 The most angry, therefore relax (6)
2 Look round street in torment (6)
3 Scarcer and not so well done (5)
4 Group changing notices (7)
6 Heed promise and rallying-cry (9)
7 Fish catcher breaks Trent law (5-3)
8 Project after party reaction (8)
11 Old silver edition (4)
15 Throw in indiscriminately using farm tool (9)
17 Drunk on one drink? It's expensive stuff! (3, 5)
18 Story-teller putting M.A. in wrong corner (8)
20 Inverted school record (4)
21 Everybody in stage production that has little depth (7)
22 String of invective from one in commerce (6)
23 Silver part of clarinet contracted (6)
26 Cap bird on pole and 27 for game (5)

Solution to Puzzle No. 3,834

ENTERTAINMENT GUIDE

CC—These theatres accept certain credit cards by telephone or at the Box Office.

OPERA & BALLET

COLISEUM. Credit cards 01-240 5258. Reservations 01-836 3161
ENGLISH NATIONAL OPERA
Tonight, Sat & Tue next 7.00 Jonathan Miller's prod. The Marriage of Figaro "Immensely successful & enjoyable." Gdn. Tomorrow 7.00 The Thieving Magpie. "Every scene grips the attention." Tms. Fri. 7.30 Madam Butterfly. 104 balcony seats avail. for all perfs from 10.00 on day of perf. Now booking for December.

COVENT GARDEN. CC. 240 1066. (Gardencharge Credit Cards 836 6903.)
THE ROYAL BALLET
Ton't & Mon. 7.30. Sat. 2.00 Les Sylphides. Birthday Offering. Jazz Calendar.
THE ROYAL OPERA
Fri. 7.00 L'Africaine. Sat. & Tues. 7.30 Il barbiere di Siviglia. 65 Amphi seats avail. for all perfs from 10 am on day of perf.
COVENT GARDEN CELEBRITY CONCERTS. Sun. 3rd Dec. 8.00 Kiri te Kanawa.

SADLER'S WELLS THEATRE. Rosebery Ave. EC1. 837 1672. Evgs 7.30.
LONDON CONTEMPORARY DANCE
Tonight: Sphinx: Solo Ride: Rainbow Bandit. Tomorrow to Sat.: Forest, When Summer's Breath: Box: Mass. Tue. & Wed. next: Box: Stabat Mater: Ice.

THEATRES

ADELPHI THEATRE. CC. 01-836 7611. Evenings at 7.30
Mats. Thursdays 3.00. Saturdays 4.00.
An Enchanting New Musical
BEYOND THE RAINBOW
"SCHMALTZ and SPECTACULAR SCENIC EFFECTS . . . A SUPER-DUPER PRODUCTION." Variety.
"HERE IS A HAPPY FAMILY SHOW." The Times.
"BOUND TO RUN FOR EVER." Evening News.
"SUNNY, TUNEFUL AND SPECTACULAR." Daily Telegraph.
Credit Card Bookings 01-836 7611.

ALBERY. 836 3878. CC. Bkgs. 836 1071-3 From 8.30 am. Party rate Mon., Tue., ...

THEATRES

HAYMARKET. 01-930 9832. Evs. 8.00. Mats. Wed. 2.30. Sats. 4.30 and 8.00.
GERALDINE McEWAN
CLIVE FRANCIS
NIGEL STOCK
PETER BOWLES PAUL HARDWICK
and FENNELLA FIELDING in
LOOK AFTER LULU
by NOEL COWARD
with GARY RAYMOND
MUST END DECEMBER 9.

HER MAJESTY'S. CC. 01-930 6606. Evgs. 7.30. Mats. Weds. and Sat. 3.00.
THE NEW MUSICAL
BARMITZVAH BOY
"This stunning production ... enjoyable." F. Times. "The funniest musical around, bar none." S. Mirror.

KING'S ROAD THEATRE. 01-352 7488. From Dec. 18 Dly. 10.30. 2.30 and 4.00
THE ROCKY HORROR SHOW
DON'T DREAM IT. SEE IT.

LYRIC THEATRE. CC. 01-437 3686. Evgs. 8.00. Thurs. 3.00. Sat. 5.00. 8.30.
JOAN PLOWRIGHT FRANK FINLAY
FILUMENA
by Eduardo de Filippo
DIRECTED by FRANCO ZEFFIRELLI
"TOTAL TRIUMPH." E. News. "AN EVENT TO TREASURE." D. Mir. "MAY IT FILL THE LYRIC FOR A HUNDRED YEARS." Sunday Times.

MAY FAIR THEATRE. 01-493 2031. From Dec. 18 Dly. 10.30. 2.00 and 4.00.
SOOTY'S CHRISTMAS SHOW

MAY FAIR. 629 3036. Evgs. 8.00. Sat. 5.30 and 8.30. Wed. Mat. 3.00.
WELSH NATIONAL THEATRE CO.
DYLAN THOMAS'
UNDER MILK WOOD

NATIONAL THEATRE. 928 2252.
OLIVIER (open stage): Tonight 7.30 (low price prev). Tomorrow 7 (low price opening) STRIFE by Galsworthy.
LYTTELTON (proscenium stage): Today 3 (low price mat). Tonight 7.45 BETRAYAL new play by Pinter. Tomorrow 7.45 The Philanderer.
COTTESLOE (small auditorium): Tonight 7. Tomorrow 8 HAS WASHINGTON LEGS? new comedy by Charles Wood.
Many excellent cheap seats all 3 theatres day of perf. Car park. Restaurant 928 2033. Credit card bookings 928 3052.

FINANCIAL TIMES SURVEY

Wednesday November 29 1978

مكتبة الأصل

Italian Banking and Finance

As the country's economic recovery has gathered momentum, Italy's bankers have lost no time in developing new international opportunities. In the van of this movement is the return of Italy, after some years, to the Euromarket, an activity which helps offset continued quiet on the domestic front.

Sound prop to economy

By Rupert Cornwell

AN ITALIAN Government scarcely suited by nature or composition to making up its mind swiftly is now facing two imminent sets of economic decisions, each of enormous potential significance to the country's future. On the external front it is due at next Monday's European Council meeting in Brussels to state formally whether and on what terms it will take part in the proposed European monetary system. At home the minority Christian Democrat Government of Sig. Giulio Andreotti has in theory until the end of the year to put flesh on the *bones of the so-called "Pandolfi Plan"* charting an economic recovery programme for Italy over the next three years.

The two are, of course, related, and indeed complementary. The symbolism and discipline implied by membership of the monetary arrangements might provide part of the framework for putting things right at home. And without a coherent plan for doing that there is but a limited chance of Italy staying very long in any European Monetary System (EMS) worthy of the name. Sig. Filippo Maria Pandolfi, the Treasury Minister who rudely broke the summer lull in Italian affairs by publishing his proposals at the end of August, has described them as "a choice for Europe."

The plan is remarkable on several counts. It is not simply a long overdue attempt to commit Italy to co-ordinated policies to restore equilibrium to an economy for which rapid growth along the lines of the 1960s would almost certainly produce another external crisis of the kind all too familiar over the past few years. It is the first time in memory that Italy, however tentatively, has indulged in the luxury of a plan. *The virtue of a plan is not that it is automatically translated into reality, but the yardstick it provides to measure the gap between wish and fulfilment—a form of accountability for the politicians—at a moment when that phrase has a particular aptness in Italy.*

For the fate of the current Government, and of the unique formula of external support from the Communists to keep the purely DC administration in office, looks increasingly bound up with that of the Pandolfi blueprint. If the various parties of the majority cannot agree on a three-year recovery programme, then what point is there in continuing with an emergency device intended not only to hold the line against terrorism in the aftermath of the Moro kidnapping and murder, but to tackle Italy's entrenched economic ills?

The trouble is that the emergency is more real than apparent. And for all their talk about national solidarity the politicians overwhelmingly give the impression of readying themselves for battle not with the economy but with each other.

Not least of the reasons for the end of the unnatural calm of the last few months is the room for manoeuvre permitted by the colossal and sustained improvement in Italy's external position—which has also allowed the country to contemplate joining the EMS.

Two years ago Italy, like Britain, was in the throes of a desperate financial crisis. The lira had tumbled, the reserves were all but exhausted and the International Monetary Fund (IMF) was anxiously perusing the national books. Today, thanks to savage restrictive measures, primarily on the credit and monetary side, and to the extraordinary responsiveness of the Italian economy to such treatment, the situation has been transformed. A 1976 payments deficit of L1,028bn turned into a L2,219bn surplus.

In just the first ten months of this year the surplus, according to Bank of Italy figures, has reached L5,605bn ($6.6bn), meaning that the official $5bn estimate for 1978 may well prove conservative. That last figure, too, represents approximately the foreign debt repayments made by Italy this year. Even so, the central banks currency reserves now exceed $10bn, on top of a gold stock valued at around $12bn.

A share of the credit must be allotted to the country's banking system, which despite the jolts of one or two scandals has retained both credibility and the ability to gather the foreign funds desperately needed in the short term. This, and the capacity of a nation of survivors to ride political upheavals as violent even as the murder of its most prominent statesman, have virtually eradicated from the vocabulary of the international banker that hackneyed phrase "the Italian risk."

Underpinning the payments improvement has been a similar trend discernible in Italy's trading accounts. Two years ago imports outstripped exports by around $5bn. This year the Government is forecasting a surplus of $1bn.

Unfortunately though, Italy offers a perfect example of that distinction between the 'financial' and the 'real' economies of a country which Mr. Denis Healey so likes to draw. Admittedly the trade surplus in large measure is due to a uniquely favourable shift in Italy's terms of trade. The cost of the raw materials accounting for over 50 per cent of the country's import bill has been contained, thanks to the lira's strength against a weak dollar. At the same time, its persistent gradual decline against the stronger EEC currency bloc has given Italian exporters a useful extra edge in the vital markets to the north. Indeed, in the first part of this year the country was even enjoying the rare luxury of a trade surplus with West Germany.

But the healthy 'financial' economy has been bought only at the double price of both slowdown and structural distortion (in which the banks are perforce deeply involved) in the 'real' one. At best output will grow by 2 per cent this year—conceivably (if the latest private surveys among companies are to be believed) by slightly more next. Anything more ambitious, economists warn, and the result would be a steep rise in imports, trouble for the lira, and probably a further twist to inflation which even in these slack times is hovering around 12 per cent.

In a nutshell, the 'go' phase of each successive Italian business cycle is becoming shorter and the 'stop' phase more protracted and more painful. And this in part reflects the ever increasing strain placed on the productive sector of the economy by years of bludgeoning by high interest rates and tight credit, employed to protect it from cold winds from abroad. Italian industry is becoming steadily less profitable, and the combination of a high level of spare capacity, high and inflexible labour costs, and the excessive expense of borrowing have seen to it that investment is stagnant. Gross fixed capital formation, flat last year, is likely to decline by 2 per cent in 1978

It was against this background that Sig. Pandolfi brought forth his plan last August, emboldened by the knowledge that he had everyone's backing in principle for the basic cures he was suggesting. In fact they are in some respects little more than a tabulated restatement of the strategy that has been the conventional wisdom of every recent would-be saviour of the Italian economy

Nor do they differ greatly from the steps advocated by the IMF—so little so in fact that the Fund can hardly avoid making action on the Pandolfi programme a condition for the new standby facility that the Rome Government is seeking. Today of course the money is hardly required, but in a year's time an IMF good conduct certificate may yet again become of the utmost importance for Italy.

At the core of the proposals is their insistence on measures to secure structural change to lift Italy on to a permanently higher growth trajectory. The 1 or 2 per cent due this year is the fruit of a slight relaxation on the monetary front (though prime rate remains theoretically *at 15 per cent, and discount* rate, despite a 1 point cut in September, at 10.5 per cent) and of the inertia born of political stalemate. No policy may be good policy for those who believe the world's ills can be traced to a surfeit of Government action. But the slogan is of no comfort to Italy's unemployed who now account for 7.5 per cent of the country's *22.1m workforce.*

Instead, the plan proclaims the goal of cutting Italy's huge and still growing public sector borrowing requirement and of containing labour costs, with the intention of freeing resources to create 600,000 jobs between 1979 and 1981. In essence Sig. *Pandolfi wants to see a transfer of resources from consumption* to investment. Implicit in his thinking is the awareness of what is perhaps the most alarming single weakness of the economy—the increasing lack of competitiveness of Italian goods abroad. The fact is that since the energy crisis changed the rules of economic life the country has made no concerted effort to reshape its manufacturing industry and embark upon the swing away from low to high technology and high value added products. The question is whether the politicians can agree on a package that does what they all say should be done, or whether Sig. Pandolfi's blueprint will simply find its way to the dusty cupboard of *good intentions.*

In a country where the Government has often seemed to leave the most painful part of economic management to the central bank and the credit system, a degree of scepticism is to be forgiven. A case in point is the current plan (discussed elsewhere in this survey) for banking consortia to bale out large companies in financial trouble. On paper this looks fine, but the banks are understandably afraid that a device advertised as a mere stopgap before more sweeping reorganisation might acquire permanency—and leave the banks as compulsory lenders and virtual owners of concerns no longer a sound banking risk.

Welcome return to the Euromarket

A WHOLE series of syndicated credits and bonds for Italian borrowers—who have raised some $1.1bn of loans in the international market during the first eight months of this year, or more than double the amount in the corresponding period last year—is clear indication of the recovery of Italy's international credibility. Granted that the country's return on the medium-term Euromarket has been greatly eased by the market's high liquidity, the scale of borrowing none the less reflects the improved international confidence in Italy, which is expected to report a balance of payments surplus of some $5bn this year compared with a deficit of $2.9bn in 1976.

Confidence

The renewed confidence in Italy that international banks are showing and the subsequent gradual phasing out of the so-called "Italian risk" was recently commented on by a leading Arab banker in Rome. "Italian companies, whether private or public, which failed to attract funds from the international market a few years ago, can easily obtain funds today with very attractive margins. A few years ago the Government borrowed money against its own gold reserves. It is now paying off such loans prior to maturity, and during the last two years we have seeen a stable lira in the foreign exchange markets," he said.

Italian groups were effectively out of the Euromarket for a couple of years until the State medium-term credit institute, Istituto Mobilaire Italiano (IMI), led the way back some two years ago with a $200m issue for financing exports of Italian consumer goods. Although IMI had to pay the price for the prestige of leading the country's return on the international medium-term market with a one and three-eighths margin over the London inter-bank rate on the issue, subsequent borrowings have attracted very favourable rates.

The State hydrocarbons agency, Ente Nazionale Idrocarburi (ENI), recently negotiated a $200m loan through a group of Japanese banks with a split margin over Libor rising from seven-eighths per cent to one and a quarter per cent for a 12-year maturity. For its part, the giant State holding Istituto per la Ricostruzione Industriale (IRI) is paying seven-eighths per cent over Libor for a $500bn loan with a seven-year maturity, while private companies like Olivetti, which have regained the confidence of the international market, are able to raise nine to ten-year loans with a split margin of three-quarters per cent for the first four years and subsequently seven-eighths per cent.

The main purpose of these loans is either for balance sheet financing to help companies consolidate their short-term indebtedness into medium-term or for export financing—or for specific investments, particularly for overseas ventures like ENI's participation in the project to construct a natural gas pipeline linking Algeria to Italy. Coupled with the liquidity of the international market, this has meant that it has generally been the more acceptable and attractive face of the Italian economic system, which has turned to the market with established export-orientated groups with guaranteed cashflows in foreign currency looking for export finance.

Restrictions

Both Italian and foreign banks operating in Italy have been active in foreign exchange loan operations since these do not fall under the Bank of Italy's restrictions on domestic credit expansion. Although in the wake of the country's improved external position and a stable lira, the monetary authorities have gradually eased a whole battery of restrictive measures introduced following the 1976 lira crisis, restrictions on credit expansion were renewed at the end of July until the end of March next. These measures, which incidentally are not always upheld, limit the increase of the total credit in lira offered by the banking system to 7 per cent by the end of this month, 13 per cent by the end of January, 1979, and 14 per cent by the end of March, 1979.

Together with the ceilings on lira loans to domestic customers, Italian banks were pushed into additional foreign operations following the regulations obliging importers to finance all advance payments for imports in foreign exchange, and the further requirement, since abolished that 50 per cent of credits arising from delayed payments on exports should be in foreign exchange. This is reflected in the sizeable increase of the net foreign indebtedness of Italian banks, which has risen from the depressed levels of the days of the last lira crisis to well over L5,000bn.

There was a further attraction to turn to foreign operations, despite the narrower margins than on the domestic market, because of the much lower interest rates applicable on foreign funding. However, the situation has now changed with the rise in Eurodollar rates and the gradual downturn in domestic rates. Prime rate in Italy now stands at 15 per cent but effective lending rates are often lower, averaging around 13.5 per cent and 14 per cent. This levelling of interest rates between the Eurodollar and the domestic market has certainly influenced smaller operators since interest rate differentials no longer compensate eventual foreign exchange risks.

Despite monetary restrictions, now somewhat eased, the low and at times non-existent profitability of a number of companies, which makes them unattractive lending propositions, and the general fall of local borrowing demand as a result of the recession, the Italian domestic lending market remains attractive.

Foreign banks operating in Italy, concentrating mainly on wholesale business, enjoy some of the most generous interest rate spreads in a still liquid market. At the same time they deal essentially with non-Italian customers and multinationals, and when they do handle domestic business they tend to deal with the cream—companies like Fiat and Olivetti or the large state groups. The Italian banks, which have increasingly reverted to devices such as lira or foreign currency lending pools, service the large range of medium and smaller concerns which are not so well known or established but economically viable.

The Italian authorities are also seeking to promote export performance and are in the process of finalising an Italian equivalent of Britain's Export Credits Guarantee Department, raising the annual lending ceiling for medium-term export credits to some L3,500bn. The annual upper limit for short-term credits has also been increased to L5,000bn on a roll-over basis. By rationalising and accelerating the system of granting state insurance and guarantees through the new SACE agency, officials are confident that exporters will be able to raise money at very favourable rates.

Credit

At the same time the major role of the Italian banking system in the country's export drive was recently highlighted by the announcement that Italy proposes to offer Peking a $1bn eight-year credit to promote a series of major Italian ventures in China. The loan, carrying a 7.75 per cent fixed interest rate and to be repaid over a four-year period, is the first major credit line fom Italy to China and is expected to be put together by a consortium of Italian special credit institutes and commercial banks.

Yet against the country's generally improved economic outlook—with a reduction in foreign indebtedness and a simultaneous increase in reserves—it still looks unlikely that the monetary authorities will ease existing restrictions on credit expansion until they are convinced that the Government's three-year (1979-81) economic recovery plan takes concrete shape.

The plan aims to tackle the basic structural defects of the Italian economy and lay the basis of a sustained and stable process of growth. In particular it seeks to reduce the increases in labour costs and the so far ever-expanding public sector borrowing requirement. And so long as credit ceilings exist, banks in Italy will be unable to lend as much as they would like and will have to continue to turn, albeit perhaps less than 12 months ago, to international markets.

Paul Betts

Bourse relapses into coma

AFTER A spectacular upsurge in trading and prices in September the Milan stock exchange has fallen back into a state of uncertainty. Little more than two months ago the Italian stock market had seemed to be in the throes of a genuine recovery, after a slump which had lasted for around three years. Trading shot up, bourse hours had to be extended, and the Piazza degli Affari—Business Square—where the Milan bourse is sited at last seemed to be living up to its name.

Now, as winter draws in, this Indian summer of euphoria has left little more than a memory and a bump in the charts. On September 20 the Milan bourse index touched its maximum for the year at 48.83, putting it 56.9 per cent above its levels at the start of 1978. Two months later, at the close of the November monthly account on November 17, the index was back down to 40.22, and the rise since the start of the year had been halved to 29.2 per cent.

In retrospect the violent upswing in prices and trading appears to have taken place in a kind of drunken revel, in which superficialities were interpreted as signs of fundamental economic improvements. In a country which has the habit of entering a state of suspended animation during the summer vacation, this year's return from the beaches was more than usually carefree.

All through the year Italy's balance of payments had been running substantial surpluses. The political scene at last showed signs of stabilisation, with the Communist Party eager to play a role of responsible moderation and the unions pledged to a clamp-down on wages, in a total inversion of their policies of the last decade. The Government had produced a sketch of its three-year plan for the economy. On the industrial front the bad news at last seemed to be giving way to good.

Subsided

Now, a couple of months later, the euphoria has subsided. On the political front new strains and cracks are appearing and the spectre of premature elections is once more beginning to stalk the ramparts. Union policies of wage moderation have been given a hefty buffet by draft contract renewal demands for the powerful metal and engineering workers and for chemical workers, two of the main industrial sectors due to renegotiate three-year labour contracts in coming months.

Approximately half of Italy's entire labour force will be involved in contract renewal talks between now and mid-1979. Union demands for shorter working hours as a way of creating more jobs to cut unemployment, rejected by employers because of the increase in costs they would cause, promise to make this a particularly tense round of negotiations.

The Treasury Minister Filippo Maria Pandolfi's plan for the economy over the next three years has been officially downgraded to the status of a mere working document. In the face of continued indecision and disagreement over policy measures, this laudable attempt to bring order into Italy's disorganised economy now seems doomed to interment under yet another paving-stone on the path of good intentions.

The International Monetary Fund, which was due to send a delegation to Italy this winter with a view to reopening negotiations for a loan, has again postponed its visit until economic prospects become clearer. Inflation shows no sign of abating, interest rates remain high and credit tight, jeopardising hopes of an investment recovery to maintain the defence of the lira.

On the stock exchange the reported inflows of foreign investment capital which caused such excitement earlier this autumn have faded away like a mirage. The memory of the great success with private investors of Olivetti's L40bn rights issue last summer, one of the more notable incidents in the recent bourse revival, has been supplanted by the difficulties involved in a much larger 1,203bn rights issue for Montedison.

Elsewhere in the sorely troubled Italian chemicals industry the shares of Anic and Liquigas have dropped very sharply, provoking the bourse commission to transfer their quotation to the cash market, in the wake of their heavy losses and expectations of a reduction in the nominal share value. Plans for the merger of Bastogi, Italy's oldest holding company, and its property subsidiary Beni Stabili, which galvanised the bourse this summer, have been put through, and the two companies' shares have sunk back with the rest of the market, losing much of their gains.

In the cold light of reason it is clear that there has been little improvement in the basic reali-

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Misgivings about aid to industry

WHAT ARE banks for? In a very real sense that is the underlying question as the Italian authorities embark upon their hastily assembled programme for rescuing a number of large companies, especially in the chemicals sector, faced with imminent financial collapse. The choice before the Government, as it cobbled together its proposals just before the summer parliamentary recess, was either to let them go, with all the colossal human and material waste, and intolerable political consequences that would ensue, or to secure a new means of pumping in desperately needed funds. And the urgency of the hour has been underlined by the fact that in the three months since the proposals were launched, two groups, Societa Italiana Resine (SIR) and Liquichimicas, have already benefited from the scheme. But not, as will soon be explained, without difficulties that illustrate the dilemma in which the programme places the country's banks.

Proposals

Rushed though they were, the proposals are in fact some sort of end product to the idea floated three years before by the then Governor of the Bank of Italy, Dr. Guido Carli, that the banks should relieve the acute financial strains on companies (in some measure due to years of exceptionally high interest rates) by turning their debts into direct equity shareholdings, which would subsequently be sold off to the public when times improved.

The suggestion had all the immediate appeal of anything beautifully simple. But it raised two related problems: first, given the decline of Italy's stock markets and the absence of any source of risk capital in the country, who would ultimately buy the shares?

If the banks were forced to retain possession, could not they later find themselves in grave peril if at the end of the day concern in which they had their unsaleable investment went under anyway? In a country which has often relied on its banking and monetary management to retain financial credibility abroad, the risk of trouble spreading from the industrial to the banking sector was too great.

It was, after all, precisely such a chain reaction of collapse in the early 1930s which led to the State taking over three of the largest commercial banks, under the aegis of the publicly controlled IRI conglomerate and, since that time, the banks have been virtually barred from the sort of merchant-banking direct investment role permitted their counterparts in France and West Germany.

Instead, the programme put forward by the then Industry Minister, Signor Carlo Donat Cattin, revolves around two forms of intervention to salvage companies in trouble: first, the establishment of consortiums of creditor banks, credit institutes, and quoted industrial companies, to pump in money and at the same time draw up a financial restructuration programme or, secondly in less pressing cases, the simple consolidation of heavy short term debt to give the recipient company a breathing space.

Consortium

Most important of all, however, the legislation gives the Government powers to step in of its own accord in cases where the debts of the company in question top L30bn (£30m)—a pretty modest figure by current Italian standards. It would be able to appoint its own special "commissioner," who would have far-reaching control over the management of the concern. As the commercial banks are fully aware, such a step would *in practice give the State yet* another lever with which to control the flow of banking funds to industry.

Just 24 hours after the Cabinet approved the Donat Cattin measure, a consortium was formed to give SIR a transfusion of L400bn (£250m), out of which the chemical group could pay its July wages bill. But in Liquichimicas case the process took longer. Three months after an agreement in principle participating banks and the Government were still haggling over the terms of a L30bn (£18m) rescue package.

Ally

The crux of the issue, of course, is just who, at the end of the day picks up the bill. For a variety of reasons the Government is unwilling to be seen proceeding merrily down the well trodden path of lavish and ill-distributed subsidies from the public purse. But the banks are already deeply conscious of the atrophying of many of their basic functions which has taken place as Government intervention has grown. *They are determined to* make sure that they are not going to be forced into doing the Government's dirty work for it, and then be left carrying the can at the end of the day.

Credito Italiano, one of the three IRI banks and as such in the front line of the struggle between normal banking practice and the manoeuvrings of the politicians was forced to a genuine *cri de coeur* in its latest annual report. Banking, it pleads, "has always meant, and always will mean, one simple thing: granting appropriate credit to credit worthy companies." In the current dire predicament of large chunks of Italy's industry, it is a first principle of banking (a skill which after all took on its modern form in the Italian Renaissance) which at times seems in danger of going by *default.*

And the commercial bankers, who share Credito Italiano's misgivings about the proposals afoot, have a powerful ally in the Bank of Italy, which, also by default, has sometimes looked as if it were managing the national economy on its own. "It is not for the banks," declares Dr. Paolo Baffi, Dr. Carli's successor at the Central Bank, "to settle industrial problems, any more than it is for the Bank of Italy to carry out industrial policy." The commercial banks' increasing obligations must not be permitted to go beyond the proper bounds of prudence, Dr. Baffi continues. Social policies cannot indefinitely be pursued at the expense of efficiency, and enforced intervention will only ultimately weaken the role of the banks, and reduce the sense of responsibility of those whose job it properly was to manage the company.

Overhaul

The truth of the matter, though, is that financial reorganisation, however ingenious and however vast, is but the first and least painful step in the process to overhaul Italy's industrial and economic structures that is now so long overdue. That the latest scheme *is recognised in theory at least* as only a stop gap is implicit in the framing of the bill. The consortia can only last for a maximum of five years, and their goal must be to sell off any shareholding they acquire in the convalescent company to the public as soon as its affairs have improved. The trouble is that without more radical action, the measure is almost certain to provide little more than a stay of execution.

Italy's current government is by no stretch of the imagination suited to the broader task to hand. Indeed, the ever-present need to satisfy the conflicting interests of the ruling Christian Democrats (CD) and those of the four other parties, including the powerful Communists that provide the CD with parliamentary backing has led to a climate of near paralysis. With parliamentary elections looking close, that state of affairs is unlikely to change and the chances of getting anything done look increasingly remote.

True, the Government is committed by the end of this year to presenting a detailed three-year economic action plan, based on the blueprint issued last summer by the Treasury Minister, Signor Filippo Maria Pandolfi. Probably, what does emerge will contain some ringing declarations about the need to restructure industry. But the reality, with the vast switch in investments, reductions in manpower, and sacrifice of short-term political advantage it would involve, is likely to prove more than even a government less fractured and fragile than Italy's could readily contemplate.

Rupert Cornwell

Bourse

CONTINUED FROM PREVIOUS PAGE

ties of Italian finances. Italian companies are still severely under-capitalised, notwithstanding Olivetti's recent long-overdue capital increase and Montedison's current marathon attempt to pull itself out of its financial doldrums. High debt and interest charges are heavy burdens on industrial balance sheets. One recent calculation put the bourse valuation of quoted companies at one-fifth of the value of the Treasury bills issued by the Government to finance Italy's colossal public sector deficit, whose high interest rates have played a major part in luring investors away from the bourse.

Private investors have virtually abandoned the market, and stockbrokers estimate that only around 1.5m Italians hold shares, one of the lowest proportions to total population in Western Europe. The main participants in the market are the banks and financial institutions, and much of trading volume is made up of dealings in a relatively small number of shares. On the fiscal front the Government has done something to encourage a return of private investors to the stock market by introducing a tax credit system along the lines of similar systems in other EEC countries.

The tax credit does away with double taxation of dividends, allowing investors to recover tax paid by companies on profits through crediting this against their own income tax liability on dividends. The system is particularly generous to the Italian investor by allowing him to recover 100 per cent of company profit tax, a proportion only matched by West Germany among other major European nations.

But advantageous as this system undoubtedly is for many taxpayers, it does not alter the fact that competitively attractive yields are still obtainable tax-free on Government securities, without the risk attached to the stock exchange. For some top-bracket taxpayers the new system is likely to prove more of a disadvantage than a gain, as it has brought with it a decision to abolish, from the start of the new year, the flat rate *dividend tax that high tax*payers could opt to pay with no more questions asked by the taxman. This system's imminent abolition could be prompting some shareholders to unload their holdings, accentuating the current decline in prices, some bourse analysts consider.

As far as investment abroad is concerned, government restrictions on Italian purchases of foreign securities, introduced in 1973, have effectively stilled Italian interest in foreign shares. Now, with the improvement in Italy's balance of payments, which is expected to be maintained next year, there is hope that the Government may consent to remove or reduce these curbs, which consist of a 50 per cent non-interest-bearing deposit on the value of shares purchased.

Stockbrokers are hoping for a relaxation of the investment restrictions at least to allow purchase of shares in companies in other Common Market countries. Only one foreign company is at present listed on the Milan bourse, C. T. Bowring of the UK. But if Italian curbs on investment abroad are relaxed, Milan bourse officials hope that this could encourage other foreign companies to consider a listing in Milan.

In Italy between 20 and 40 companies, many of them in the electronics, engineering and textile sectors, could be interested in having their shares quoted if the market recovers sufficiently. But in the present autumnal mood on the Stock Exchange some forecasters are already beginning to predict that by the end of the year prices will have slumped back to their early January levels, losing all the gains that have been made since the start of the year.

For the hard-pressed chemicals sectors, a series of salvage projects have been put forward involving participation by banks in their share capital. This new departure—which has required a special Bill to be put to Parliament to set out the conditions under which banking participation can be permitted in industrial companies in crisis—should provide breathing space from heavy debts and high interest charges for groups like Liquichimica, Sir, Snia Viscosa and Montelibre. The latter two are soon to merge their synthetic fibres activities into a single company, with creditor banks as partners in the share capital.

Moves like this can help to some extent to solve the chronic under-capitalisation of Italian industry. But as long as there is no real improvement in the business outlook for Italian industry there can be little hope for the strong upturn in the Stock Exchange which will be needed for these banks subsequently to hand on their shareholdings to the public.

By a Correspondent

The Rome headquarters of the Banco Nazionale del Lavoro

Major channel for private savings

EARLIER THIS year one of the most venerable of Italian banks broke with the time-honoured practice of recruitment by recommendation, and put 270 places up for competition to allcomers. There are said to have been 12,000 applications for the vacancies, of whom over 4,000 were given a formal examination.

Even if due allowance is made for the enormous difficulty in Italy facing any school- or university-leaver these days in finding a decent job, the interest generated is remarkable. And it stems in part from an aspect of the banking industry in Italy that is often overlooked: that it offers not just a safe, but also among the most lucrative jobs in the country.

Earnings

One study carried out suggests that the average pay for all employees of the commercial banks in Italy is around the equivalent of $18,000, and around double the average earnings of industrial concerns like Pirelli (in the private sector) and Italsider, the State-controlled steel company.

Whether or not these figures are absolutely accurate, they are indirectly borne out at least by the findings of a banking industry survey throughout Europe. This shows that of the top 20 European banks, reckoned by the average wage paid to employees, seven were Italian.

The British contingent, including Barclays and National Westminster, were firmly at the foot of the league table.

This is the sort of evidence which has contributed to the belief that Italian banks are a specially fortunate breed, for whom life has been far easier over the last few years than for the troubled Italian economy at large.

It is also sometimes said that the banks are not pulling their weight in the efforts required to reorganise the productive economy. The truth, however, is less clear-cut, as a result of the intimate connection between the banking sector and the State in Italy, and of the reliance that a country largely without the fiscal means of managing the economy has had to place in monetary measures, directly involving the banks.

The State's grip on the sector has come about in two stages: the first in the 1930s, when after financial collapse the main banks were taken into the public sector, three of them under the wing of the giant State conglomerate, IRI; the second in the 1950s, when the ruling Christian Democrats aimed to influence appointments to senior banking jobs.

The consequence is that eight of the top 10 Italian banks are State-controlled. In second, third and fifth places, according to a table drawn up by Il Mondo Business Weekly, the IRI, Banca Commerciale Italiana, Credito Italiano and Banco di Roma, just behind the Banca Nazional del Lavoro, itself controlled by the Treasury. The odd one out is the Cassa di Risparmio delle Province Lombarde, Italy's—and, it is claimed, the world's—largest savings bank, known by the rather more manageable acronym of Cariplo.

Behind them come an army of smaller banks, where private ownership is more prominent. There are reckoned to be as many as 1,300 banks and savings institutions of various kinds scattered across Italy, with around 13,000 branches.

Lending

The vast bulk of them are, in theory at any rate, constrained by the IRI Laws to carry out only short-term lending and borrowing and it is that stipulation that is at the heart of the argument over the proper role of the banks.

As is discussed in a separate article in this survey, proposals are now underway for the banks to take a bigger part in the reorganisation of industry, identified by all as the most single pressing need facing Italy.

For the moment, though, they remain what they have long been—highly successful collectors of deposits, many of which however are less than efficiently recycled via the intermediary of the Government to various sectors of the economy. Although the beneficiaries of high interest rates, the banks have also been prisoners of the tight blanket credit controls that have accompanied dearer money.

At the end of 1977, according to the Bank of Italy statistics, the banking system held L152,000bn of deposits, compared with L130,000bn a year earlier. Every sign is that the trend is continuing.

Despite (or rather because of) high inflation, Italians still save prodigiously. More than ever the short term deposit, with its appeal of reasonable interest rates and easy availability, looks the best home for spare cash.

Weakness

The stock market remains negligible, while the weakness of the dollar, and one or two malodorous banking scandals across the border in the Swiss canton of Ticino have largely staunched the traditional outflow of private capital, for the time being at least.

The continuing flood of savings, and a flattish economy mean that today the banking system is awash with liquidity: rates on the interbank market have fallen well below the nominal prime rate of 15 per cent. Top flight borrowers can, in fact, secure funds at around 12-13 per cent. Much of what remains is lent on by the banks to the State to meet the ever-growing appetite of the public sector for borrowed money.

However favourable the setting in which the banks operate, their profits (at least those which are reported) are comparatively tiny. One factor undoubtedly is the cost and the permanence of labour, another—as the banks themselves are quick to point out—the somewhat high rates they are obliged to pay depositors, a necessary corollary of the high interest rate economy to which the country has become perforce inured.

The biggest profit earner, significantly, was not one of the major commercial banks but the highly effective and influential Mediobanca, one of the select band of medium-term credit institutes and run by the State through the intermediary of the IRI banks. Mediobanca, involved in practically every headline making Italian industrial deal of the past few years is the nearest equivalent to the British merchant bank. It earned in 1977 about L28m (£17m).

Banca Nazionale Del Lavoro, boasting L21.700bn of deposits, managed just L24.8bn, and Banco Di Roma, for example, on deposits of L11,300bn reported profits of just L6.5bn last year. The foreign banks, able to concentrate on the wholesale end of the industry and unencrusted by *political barnacles, generally* fare rather better.

For all that, the banks are one of the few arms of the State's entrepreneurial activities to be in the black. More than that, as the prime source of the vast sums the Government requires for itself, for the subsidised credits it distributes and for the enormous and loss-making—but socially indispensable—industrial activities in which it is involved, means that the politicians have to be certain they have kept a firm grip on the top posts.

The lengthy and tortuous process of deciding who goes where in the upper echelons of the industry has become even more acrimonious now that the Communists have joined the Christian Democrats, the smaller "lay" parties in the arena of power, and have their claim to lay on the spoils.

This month matters reached such a pitch that the Communists declared they would have no more to do with the negotiations underway to fill a number of top posts—some of them overdue for a change for several years—in a public show of disgust at the lack of results.

Linked

It is not simply a matter of patronage at the centre of the system. The local and regional credit and savings banks, many of which are involved in the current horsetrading have vital roles in their own areas, where they are disproportionately influential as a source of funds, particularly to the local authorities to which they are often linked by statutory obligation.

As so often happens in Italy, it is the man in the street who is neglected amid the power struggles at the top. Competition, and a genuine effort to market their services, are not features of Italian banking. Indeed, a cheque book, elsewhere that "everyday symbol" of the services that a bank offers its customers, is a prize to be wrested from the system only with the greatest of difficulty.

R.C.

Bridge builders during economic recovery

IT MUST be to the credit of the Italian monetary authorities that after the dramatic crisis of the lira tw oyears ago when at one stage the foreign exchange market was closed for six weeks the currency has since remained stable. Following a whole series of fiscal, monetary and administrative measures introduced in the course of 1976 and the gradual recovery of credibility of the country in international markets, Italy's economic outlook has vastly improved, at least in the short term.

A few statistics tell the impressive story. The balance of payments is expected to show a surplus of some $5bn this year, and this miprovement has been accompanied by a parallel upsurge of the official reserves. Excluding the adjustments of the value of gold reserves, rose by more than $3bn last year and have been continuing to rise this year. In the first half of 1978 the reserves are understood to have risen by at least between $3.5bn and $4bn, while foreign exchange reserves now total nearly $10bn.

This improvement has, of course, been achieved at a price. It meant, for a period at least, the introduction of devices such as import deposits, foreign currency surcharges and a whole series of administrative restraints on the banking system. It also meant increases in direct and indirect taxation and price rises in a wide range of public services.

The object of the exercise was to put the immediate squeeze on domestic consumption and on growth generally, which has averaged barely 2 per cent over the last two years. Inflation dropped from levels of around 22 per cent to a current annual rate of about 12.5 per cent, but no clear-cut recovery trend in industrial production has yet emerged. In essence, while there has been an upsurge in export performance and in invisibles, particularly as the result of two successive record tourist years, the turn round in the payments position also reflects the decline in the rate of imports and the loss of momentum of the Italian economy.

An element of luck has also played a part in the outstanding recovery of the balance of payments. Clearly at the time of the last lira crisis the authorities could not forecast what would happen to the dollar, whose subsequent fall has meant sizeable advantages for the Italian currency. The policy of the monetary authorities has ben to steer the lira on a managed downward float, depreciating it against the other European Community countries, which are Italy's major trading partners and, together with Japan, also its major export competitors in the Third World. Simultaneously, while remaining essentially linked to the dollar, the authorities have not let the lira depreciate at the same rate as the U.S. currency, with obvious advantages to a country which imports some 60 material requirements.

Confidence

Improved international confidence in the political situation in Italy following the performance of Sig. Giulio Andreotti's minority government and a general revaluation of the role of the Italian Communist Party have also succeeded in arresting the kind of speculative attacks which hit the lira during the political crises preceding the June, 1976, general election. Indeed, over the past month the lira managed to ride successfully out of an extremely difficult period as a consequence of the kidnapping and murder of Sig. Aldo Moro, the late Christian Democrat leader.

In this context of renewed international credibility the Italian banking system has also played a fundamental role in the recovery of the balance of payments and the stability of the lira. The central bank last year put it this way: "Along the path towards greater financial stability to which we are committed, the banks have built a bridge. It consists of the short-term indebtedness passing through their hands, the debts of the Treasury and business enterprises towards the banks, and that of the banks themselves to creditors abroad and to the public. The country's external and internal monetary situations both depend on the breadth and stability of the structure. In such circumstances the credibility of the banking system becomes a question of overriding general interest."

To this end the general clean-up of a largely politically dominated banking system following the collapse of the financial empire of the financier Michele Sindona the more rigorous standards in the nomination of candidates to top banking posts are also significant.

Against this background, however, there is now increasing pressure on the authorities to boost growth. Unemployment has continued to increase and remains a still unresolved problem generating growing social tensions in the country, particularly in the depressed South. At the same time the slump in industrial production and the dire financial and structural difficulties of a whole series of major industrial groups, with the threat of wide-ranging redundancies and their inevitable social and political repercussions is a cause of mounting concern.

Consensus

But the authorities do not appear at this stage to be prepared to loosen the tight economic corset controlling the economy until there is tangible evidence that the Government has the effective consensus of the other political parties—and perhaps more crucially, of the trade unions—to enforce a medium-term economic recovery programme as outlined by Sig. Filippo Maria Pandolfi, the Treasury Minister.

The authorities adopt seemingly similar caution towards European monetary union. Indeed in recent weeks the position of the Italian Government, which has committed itself politically in principle at least to monetary union, has notably hardened and there are signs that Italy, like Britain, may decide initially to stay out of the envisaged new European Monetary System (EMS). Italy has been pressing for a wider margin of between 6 and 8 per cent in the proposed new currency "snake"—giving an effective band of between 12 and 16 per cent—on the grounds that the more rigid system proposed by the French and Germans would pose serious risks for the lira.

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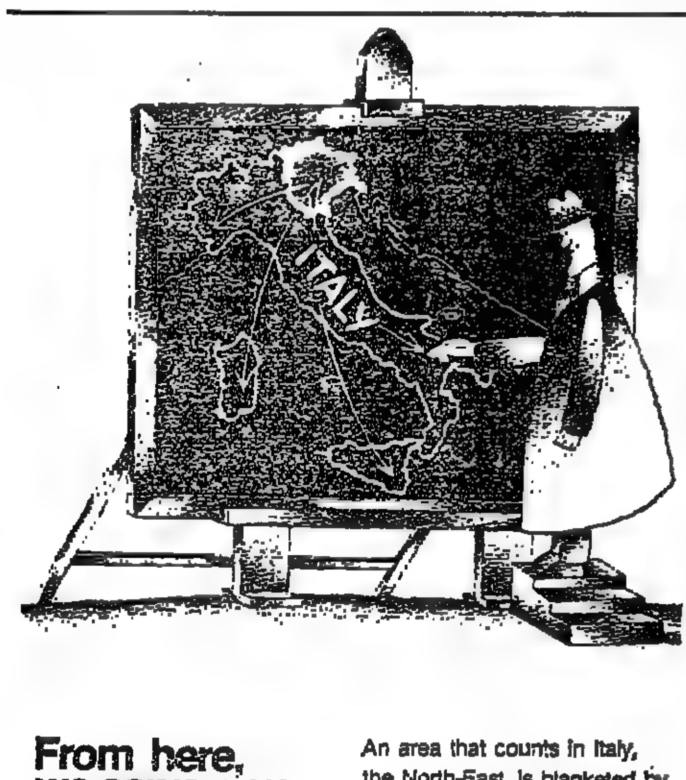


Power centres in the regional economy

THE TOP jobs in Italy's main regional banks are important power centres in the country's geographically decentralised economy. Many of the more important ones are directly or indirectly under the control of the Government, and until recently senior Italian banking posts have been the preserve of the long-ruling Christian Democrat Party, which has governed Italy for 30 years, or its occasional coalition partners.

This in the past has given rise to allegations of misuse of power for political purposes, as in the case of the "slush fund" allegedly operated by the late chairman of the Central Savings Bank institution Italcasse, Sig. Giuseppe Arcaini. Now, with a government dependent for its survival on the Parliamentary support of five different parties, including the Communists, and with the growing power of the left-wing parties at regional Government level, recent appointments to the presidencies of several major regional banks have reflected changing political conditions.

The most notorious example of the political complexities of naming a president for a major Italian bank has been at Banco di Sicilia, which until recently had been without a chairman for nine years. After years of controversy, the Christian-Democrat dominated regional Government of Sicily finally decided in the autumn to accept a Republican Party member, Sig. Giannino Parravicini, for this post.

Banco di Sicilia, with its head office in Palermo, 285 branches throughout Italy and representative offices in nine countries, plays an important role in banking at regional and national levels. Lack of effective leadership at this and other banks has not facilitated development of the Italian banking system, which in many ways is old fashioned compared with its counterparts elsewhere in Europe.

Successive treasury ministers have found the question of banking nominations a difficult one to solve, because of the widespread political ramifications, and it is still a subject of heated controversy. Politicians recently reached agreement on a number of such nominations, apart from Banco di Sicilia, including the appointment of a Communist Party nominee to the head of Mediocredito Centrale, the national institution which operates the Government's subsidised credit system.

Nomination

Among the banks with a strongly regional flavour, a Social Democrat, Sig. Luigi Coccioli, was appointed chairman of Instituto Bancario San Paolo di Torino, while two members of the Christian Democrat Party, Sig. Remo Cacciafesta and Signora Emanuela Savio, were given the presidences of the Rome and Turin savings banks. But political disagreements, this time within the Government itself, still failed to allow any accord on a nomination to the chairmanship of Italy's biggest savings banks, Cariplo, the Milan-based institution whose full name, Savings Bank of the Lombardy Provinces, masks its growing national and international importance. And several dozen other banking institutions are still awaiting new chairmen.

Local banks play a major role in financing local industry and commerce, and in a country with more than 1,000 banking institutions, many of them receive little publicity at national level. Some of them, like Banca Del Monte di Bologna e Ravenna (founded in 1473) are as old as banking itself. Others are of more recent origin, like the 172 co-operative banks, set up for the most part in the 19th century to finance local enterprise. Among the co-operative banks, some big names stand out among the multitude of predominantly regional institutions. Banca Popolare di Novara, the biggest of these co-operative banks, has 332 branches in Northern and Central Italy, as well as seven representative offices abroad. Banca Popolare di Milano has over 100 branches in Italy, and representative offices in London and Frankfurt.

The widespread network of savings banks, which accounts for well over half of the number of Italian banking institutions, include both major concerns like Cariplo and a host of small local savings banks, often with only one branch. Set up for the most part in the late 19th and early 20th centuries to promote local agricultural and commercial development, the 660 small local savings banks are a fundamental feature of local commercial life in most parts of provincial Italy.

At regional, or even national level on the case of Cariplo, several dozen larger savings banks have a wider catchment area for deposit and loans. In the private banking sector, over 100 private banks play an equally important role in financing local business.

Among the nine state-owned banks, Banco di Sardegna is the one with the most clearly defined regional character. The smallest and youngest of the six Istituti di Credito di Diritto Pubblico, Banco di Sardegna this year celebrates the 25th anniversary of its foundation in 1953 as successor to a much older agricultural credit concern. With deposits well below the L2,000bn level required for banks to operate on a national scale, Banco di Sardegna is intimately linked with Sardinia, where it has nearly 50 branches. On the mainland, the bank has three representative offices, in Rome, Genoa and Milan. Its business concentrates on firms with commercial connections in Sardinia, where it accounts for around a half of banking business.

The problems of Southern Italy, which remains an economically backward area in spite of almost three decades of government development assistance, have led to the constitution of a number of specialised institutions to finance business initiatives. Chief of these is the state fund for financing development in Southern Italy, the Cassa Per il Mezzogiorno, which was set up in 1951 and provides subsidies and technical assistance for a wide range of projects. In the Medium-Term Credit Sector, Isveimer, for mainland Southern Italy, Credito Industriale Sardo (CIS) for Sardinia, and Istituto Regionale Per il Finanziamento Alle Industrie in Sicilia (IRFIS) for Sicily, have the support of national and regional banking institutions for financing local business development.

The number of bank counters in Southern Italy has grown substantially in the last 25 years, but it still remains well below the national average. In 1951, there were 8.6 bank branches for every 100,000 inhabitants in Southern Italy, compared with 21.1 branches in Central and Northern Italy. In 1976, the Mezzogiorno ratio had grown to 14.2 branches for every 100,000 inhabitants. But this was still well below the ratio for the central and northern regions of 24.3 branches, and for Italy as a whole of 20.7 branches per 100,000 inhabitants.

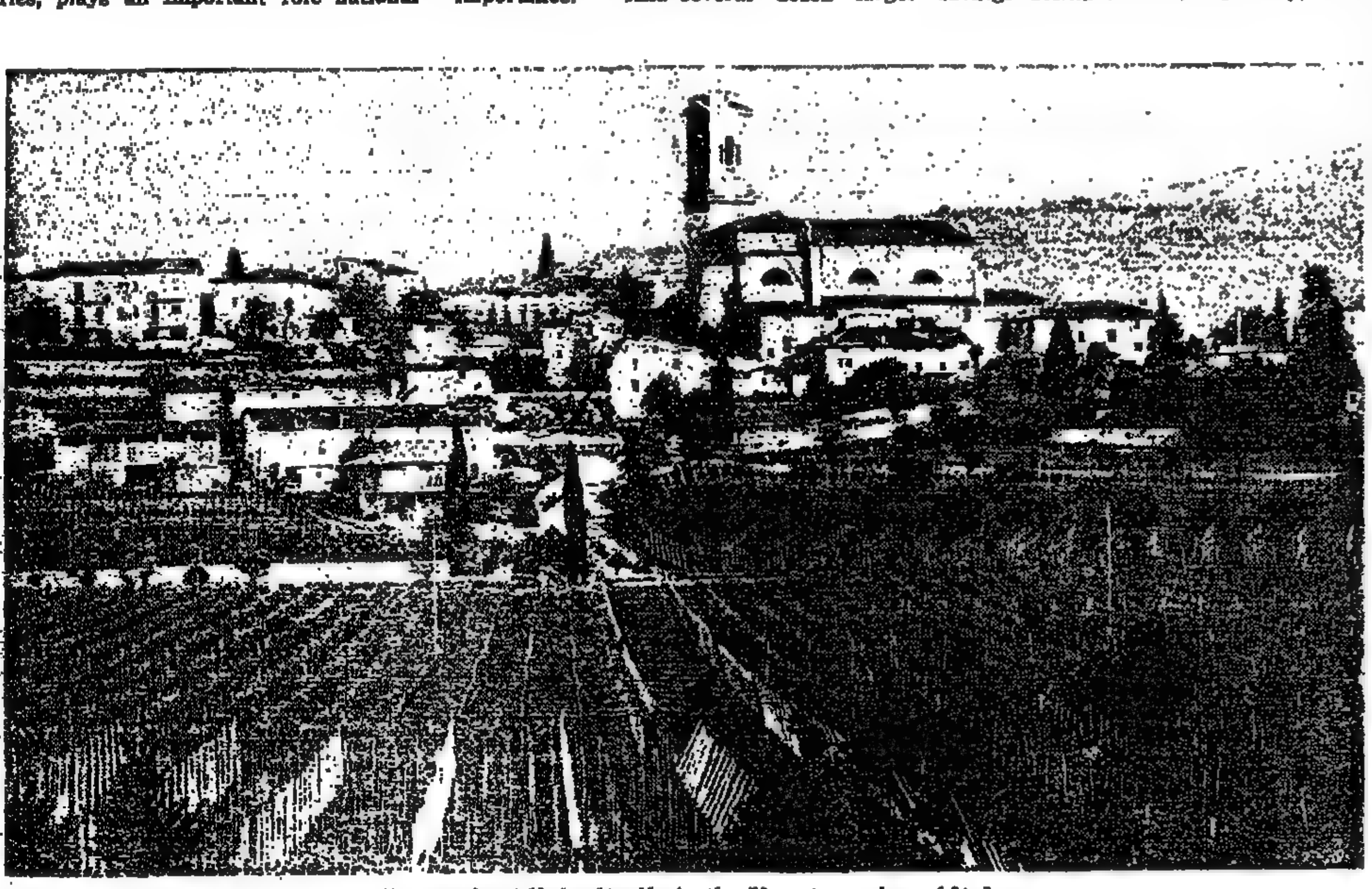
To promote industrial development in southern Italy, the Government offers both cheap loans and cash subsidies to potential investors. But bureaucratic delays tend to hinder the disbursement of such funds, and industrialists often find themselves forced to finance projects with costly short term bank loans, in advance of obtaining the state credit. With many banks still tending to charge higher margins on loans in southern Italy, because of what they maintain is a higher risk, this can be a costly exercise.

Curb

The Government is doing its best to curb state spending in order to release more credit for the private sector. But many banks have in the past preferred lending to public borrowers like local authorities, and in at least one case, that of Banco di Napoli, excessive involvement in local authority financing has resulted in unexpected financial difficulties. For the Naples-based bank, which is state-owned, a 1977 Government measure designed to curb local authorities' deficits, by converting short term debt into lower-cost medium term loans, led to a substantial drop in potential interest earnings. As a result, Banco di Napoli last year recorded its first loss in its 400-year history.

The Government has asked Parliament to authorise a substantial increase in Banco di Napoli's capital endowment in order to assist reorganisation of the bank's finances, which came under Bank of Italy scrutiny last year following revelation of its problems. Parliament has also been called upon to vote additional capital for Banco di Sicilia and Banco di Sardegna. For the time being, industrial investment in southern Italy has suffered from a slump in line with the drop in growth elsewhere in Italy. But there is optimism that it could soon take off again, if the Government succeeds in stabilising the economy. Should this happen, it is important that the Italian banking system be in a position to give efficient assistance.

By a Correspondent



Vineyards at Valpolicella in the Veneto region of Italy

Bridge builders

CONTINUED FROM PREVIOUS PAGE

At the same time there still appears to be a fundamental difference of opinion between the Italians and the Germans on the role of the European Currency Unit (ECU) as an indicator of currency divergence. The current proposals suggest that the deviation of a country's currency from its agreed ECU value is to serve as a trigger mechanism for consultations among "snake" members to decide whether market or alternative intervention is necessary even before bilateral limits are reached.

The controversy hinges on the type of discipline to be applied when the so-called trigger point is reached, and Italy, in contrast to Germany, would like to see immediate action on the part of the country with the deviating currency. This would force the currency diverging from the Community average—and in most cases it would probably be the German D-mark—to bear the burden of whatever support measures prove necessary. West Germany clearly does not want to be tied to such an automatic obligation.

The Italian authorities have also renewed in an unusual frenzy of diplomatic activity the other preconditions for Italian membership in the new monetary system. Apart from a flexible system for the weaker currencies, the authorities are asking for an adequate European central reserve fund to protect courrencies from eventual speculative pressures, and a substantial increase in intra-regional transfers of resources to bolster the ability of weaker countries to participate in the new system and reduce the imbalances existing between the economies of strong and weak members of the Community. Expanded credit facilities would also provide more breathing space for fundamental adjustments. But even greater stress is put by Italy, like Britain, on the so-called "concurrent studies" which include a reform of the Common Agricultural Policy to guarantee lasting and stable monetary union.

Italy reinforces its case for a more flexible and broader moneary system than the one currently proposed by the West Germans and French by pointing to the fact that despite the economic policies of the last two years to stabilise the lira and cut back growth, inflation, while having improved, is still running in double figures. The targets of the Government's three-year economic recovery plan envisage an inflation rate of 12 per cent next year, some 10 per cent in 1980 and 8 per cent in 1981.

The authorities also claim that if Britain stays out, Italy would find itself in a vulnerable position. Sterling would no longer help weigh down the ECU basket or currency average and the Italian currency would probably have to take the brunt of any speculative attack. In such circumstances, many economists forecast that Italy's newly built up foreign reserves would be eroded in a matter of weeks.

P.B.

ITALIAN BANKING VI

Bond market pulling out of the doldrums

ITALY'S BOND market is gradually pulling out of the doldrums into which high inflation and high short-term interest rates plunged it in the past few years. Private investors are showing increased interest in government securities, which pay high yields free of tax, and banks continue to invest in both these issues and in bonds issued by the special credit institutions and corporate borrowers. The Treasury bill market has developed from virtually nothing five years ago to play a key role in official monetary policy. Financial institutions and banks are showing increasing interest in the development of other financial instruments, common abroad but little used here, such as bankers' acceptances.

Demand

The sharp rise in public demand for government medium-term bond issues is demonstrated by official figures released by the Bank of Italy. In the first seven months of the year non-banking investors bought nearly L3,600bn of government bonds, compared with purchases of around L1,000bn during the whole of last year and a mere couple of hundred billion lire in 1976.

A recent issue of 12 per cent five-year Treasury bonds launched in October was extremely successful. Non-banking investors took up L1,500bn of the L2,850bn issue and banks L576bn. A recent L500bn 12 per cent seven-year issue by ENEL, the State electricity utility (its first public bond issue since 1976) was similarly received, particularly by banks. The public also showed interest, attracted by the tax exemption on interest payments which is also applied to ENEL.

But other traditional bond issuers, like medium-term credit institutions and corporate borrowers, have had to rely on sale of bonds to banks. The public has been reluctant to buy these bonds, whose interest is taxable, when more attractive tax-free government issues are available. Istituto Mobiliare Italiano (IMI), which recently launched two issues, for five and 10 years respectively with a record 13 per cent coupon, implicity recognised this by selling them direct to banks, rather than going through the complex formalities for launching a public issue. Private investors will still be able to buy the IMI bonds from banks.

But they are faced with 10 per cent tax on interest for bonds issued by medium-term credit institutions like IMI, and 20 per cent tax on bonds issued by corporate borrowers, including state-controlled companies other than ENEL. Banks on the other hand can generally manage their fiscal affairs in such a way as to reduce the tax burden.

In the wake of the somewhat improved prospects on the bond market the Bank of Italy recently decided to remove an obligation on banks to invest 30 per cent of their increased deposits in specially designated bonds. This restriction, the so-called *"rincolo di portafoglio"* had for long been necessary to guarantee a market for institutions like medium-term credit banks which had to issue bonds in order to obtain the finance necessary for their activities. But with tight curbs on ordinary bank lending and a slump in credit demand because of the general slowdown in the economy, this restriction has now become largely superfluous. Only a residual *"rincolo"* has been retained to oblige banks to invest 6.5 per cent of their increased deposits in bonds to finance housing and agricultural development.

Banks are still required to maintain their portfolios of bonds bought under the previous restrictions, and as bonds fall due for repayment they are obliged to reinvest this capital. In a further move to stimulate the new issue market for borrowers like the medium-term credit institutions, the Bank of Italy recently instructed banks to re-invest these funds in recently issued non-State bonds with coupons of 10 per cent or over rather than in older bonds with lower coupons.

ENEL has experimented with indexation of interest payments to yields of a basket of bonds, and these issues have had considerable success with the banks and the public. The Treasury's own two-year floating rate Treasury certificates, whose *interest is linked to the yields* on Treasury bills, have also met widespread demands.

Novelty

But a recent innovation proposing the indexation of the capital value of a bond issue met with rather less success among private investors than was expected, partly because of its novelty. This was an open-ended 10-year loan for the mortgage institute Italfondiario, which offered a coupon of 5 per cent and an annual revaluation *of the value of the capital* investment equal to half the increase in the cost of living. Banks, and not private investors, turned out to be the main purchasers of the issue, which raised L30bn to finance the institute's housing loan through a first tranche last spring.

Another innovatory issue which met with greater success was a L35bn, partially convertible loan launched by Istituto Bancario San Paolo di Torino on behalf of the State telecommunications company STET. This issue, which offered a 12 per cent coupon over its seven-year life, was partially convertible into shares of STET's international telephone subsidiary Italcable, and met with very strong demand from STET shareholders.

Italy's colossal public sector deficit and the need to finance it has been one of the strongest forces for innovation on the capital market in recent years. The Treasury bill market now functions smoothly at primary market level but still needs further development in the secondary market. With over L37,000bn of Treasury bills now in circulation, the market has become a key instrument in official management of interest rates and liquidity.

In the past few years the Bank of Italy has developed a progressively more flexible system of public monthly auctions of Treasury bills and of sales by the central bank on the secondary market outside these auctions. From having been a virtually unknown investment vehicle, Treasury bills have been adopted by private citizens and company treasurers because of their high tax-free yields. But frequently these bills tend to stay in the portfolios of their original purchaser until maturity, meaning that there is only a modest and uneven interbank secondary market.

Some market operators are trying to expand this secondary market in order to enhance Italy's still rather unsophisticated financial markets, but a number of technical problems still stand in their way. One of the main problems is the lack of a computerised central register for transactions in these Treasury bills, which are currently issued by local Treasury offices to which they have to be returned for redemption.

The curbs on growth of banking credit have also prompted the wider use of another banking instrument which is common elsewhere but until recently has been little used in Italy. This is the bankers' acceptance, which until earlier this summer was little favoured because of the prohibitively high level of stamp duty charged on it. This has now been reduced, however, from 1 per cent to 0.01 per cent, and a number of issues have been made.

The first big issue after the recent *reduction in stamp duty* was a L10bn issue for Zanussi, the Friuli-based electrical goods manufacturer. This was backed by Citibank as the accepting bank and placed with a number of regional banks. Since then many banks, particularly foreign banks which have used up their credit ceilings, have shown interest in this type of operation. Some reticence towards the bankers' acceptance has been noted, however, among the larger banks, which those interested in promoting this instrument are doing their best to overcome.

By a Correspondent

Credit institutes

MEDIUM - TERM CREDIT institutes are playing a major role in working out solutions to the severe financial and structural difficulties of Italian industrial groups. The recently devised formula for the troubled chemical and fibres conglomerate Montedison is as good an example as any.

The financial side of the operation—elaborated in large measure by Mediobanca, the Milan-based medium-term credit agency—involves one of the largest ever capital increases to be put together in Italy for an industrial group. The capital of the conglomerate's parent company, Montedison Spa, is to be raised by a four-for-three rights issue with the nominal value of the new shares of L175 each from L152.5bn to L355.7bn. Subsequently the capital is to be raised to L530bn through a L175bn bond issue.

The interesting part of the operation is that Mediobanca, as well as helping find a Saudi Arabian investor to participate in the capital increase, is offering a series of conditions to attract the group's small shareholders to subscribe. In the face of the company's poor track record in recent years, which has seen losses and debts accumulate to gigantic proportions, these small shareholders were generally expected to be hesitant to invest again in a group that has not paid a dividend since 1974 and whose share price has dropped from L1,000 to a present level averaging L180.

Reluctant

To lure these reluctant shareholders Mediobanca, which is leading a consortium of other banks and credit institutes underwriting the issue, has offered small shareholders the possibility of subscribing at a later stage against payment of a minimal deposit. The amount involved is L20 for each new share, with shareholders thus retaining the option for one year to acquire the new share. The deposit is raised to L40 per share if the option is to be valid for two years.

This is not the first time Mediobanca has offered such a facility. Some two years ago it offered an interest-subsidised loan to the small shareholders of the Pirelli tyre and cable group to encourage them to subscribe to the company's L50bn capital increase to consolidate its financial position.

The general philosophy medium-term credit institutes like Mediobanca or Istituto Mobiliare Italiani (IMI) now appears to adopt could be described as helping to rescue what is worth rescuing in Italy. While this criterion applies to most of their operations, in certain cases where these credit institutes are heavily exposed in an ailing group, as for example IMI's outstanding credits with the Sir Chemical concern, such intervention is also clearly motivated by the risk of possible substantial debt write-offs in the longer term.

At the same time these credit institutes see themselves helping companies with basically healthy economic structures to secure capital to strengthen *their financial position when* funds are increasingly difficult to raise on the risk market. They have been active in operations to consolidate the short-term and high interest bearing debts of industrial groups into the medium-term.

But they have not turned their attention exclusively to the country's large industrial concerns. Medium-sized companies are finding it hard to rely as they did a few years ago on their self-financing abilities. Often these groups, which effectively represent the most profitable end of Italian *industry, are reluctant to in*crease their capital to enable to expand once they have outgrown their limited, if often succesful, family-type operations.

It is at this stage that the credit institutes can assist their development. Some of these smaller groups are also turning to the relatively new concept of setting up local financial consortiums called "*confidi*" for minor export credit and balance sheet financing.

Medium-term and low interest rate funding still represents one of the main instruments of the *Government's attempt* to encourage investment in the depressed South. This remains a priority of the Government's economic programme and considerable efforts are being made to attract foreign investments in the Mezzogiorno. Indeed, although the country's balance of payments has made a substantial turn round the Government intends to negotiate new international loans to support the recovery of the south.

But in this area too there has been a fundamental change of outlook and a more selective approach *to lending* by the banking system. The country clearly does not want to repeat the errors of the not so distant past which saw an indiscriminate policy of Government-inspired subsidised credit facilities. This policy effectively ended up by encouraging the setting up of capital intensive projects in the South that could hardly lay the basis for the sort of long-term development these depressed regions require.

P.B.

Television

Exit Mickey Mouse and Noddy

by CHRIS DUNKLEY

Since so many broad areas of television deserve general admonishment—"variety" for being tediously unvarying, action series for being uninventive and too violent, serial drama for living almost entirely in the past, and so on—it is pleasant to be able to look across the full width of current affairs programmes and make generalisations which are favourable.

For a start, the subject matter covered by current affairs series in the last few years has broadened and does now offer quite a reasonable spectrum of interests. Attempts have been made to fill in some of the voids complained of (not least in this column) in the past: though news programmes still give the impression that their producers believe the entire world exists only to make and lose money, to fight and to die in a number of nasty ways, current affairs programmes are now stepping into fill some of the more shameful gaps. For instance they are covering the arts in a more topical manner.

Last week there was not only Melvyn Bragg's interview with Tom Stoppard in *The South Bank Show* (generally seen as an arts programme, yet just as much current affairs when it deals with anything as topical as *Night And Day*) but also in *Tonight In Town* Valerie Singleton talking to Mike Oldfield about his new album, and Beryl Bainbridge interviewing Booker Prize winner Iris Murdoch in a meeting which gained less than might have been expected from the confrontation of the two authors, yet certainly lost nothing from it.

Recently current affairs series have also been going much more willingly into the backyards of mass communications themselves where there is presently so much to look at. *Panorama* and *The London Programme* both studied the troubles at Times Newspapers last week, with *Panorama* getting more deeply and tellingly inside, but both being impressively informative.

Moreover *On The Record*, one of BBC2's promising looking collection of new current affairs programmes, devoted its half-hour inquisition to Times chief executive Duke Hussey last week, and this week (with the dangerously small licence fee increase in mind) to BBC chairman Sir Michael Swann. He proved a startlingly unimpressive interviewee, being vague, long winded, and sometimes seeming simply badly informed. In all his time as chairman he had apparently never properly thought through the fundamental question of why the BBC should not seek income from advertising. Such revelation is to the credit of the programme rather than the reverse, however.

For my taste, television still devotes too little time to providing general background to foreign news, though even here efforts are being made: Sunday's *Assignment* on BBC2 brought a report from Kevin Ruane in Moscow on preparations for the Olympics and incidentally, but even more valuably, insight into everyday life in Russia; and Stephen Jessel reported from Paris on *cuisine minceur*—admittedly a couple of years behind the international news magazines and the national Press, but better late than never.

Furthermore there does seem a slightly greater willingness nowadays to find space in the schedules for programmes which don't fit into the regular current affairs series. Among those that come to mind from the last month or so are Granada's "dramatic reconstruction" of the nuclear safety debate in *Power Struggle* and their interesting myth-killer *House For The Future* last week; BBC2's little programme about the marvellous 90-year-old retainer of a London club, *Alice At The Oriental*; Ulster TV's useful summary *The Longest Decade*; and (though it is of course an annual event) this year's *Richard Dimbleby Lecture*—also on nuclear safety—which put one in mind of a carefully prepared television leader column, a form which should surely be adapted for regular use.

From time to time there are of course current affairs items which seem a complete waste of time. Last Wednesday's *Tonight* report on the boring and juvenile Margaret Trudeau ("Pierre is very supportive to me . . . we're still in separation") was one such, and I hope that nobody at the BBC was silly enough to pay for this puff for her latest fad.

Such duds will inevitably turn up once in a while. The important thing is that between them the current affairs programmes seem to be choosing an impressive variety of subjects, and by and large their choices seem to be the right ones.

Though approving the subject matter, however, one is all too often left deploring the style, the tone, the audio-visual grammar with which it is conveyed.

No doubt it is a sign of incipient middle age that I find myself sighing increasingly often at the political and philosophical naivety of some programmes, such as a recent TV Eye on sales of council housing which engineered visits of families to houses they could not afford, filmed their longing glances, and laid the plaintive strains of "No Place Like Home" on the soundtrack.

That sort of callowness is irritating, but insofar as the annoyance arises as a reaction from personal conviction (any 14-year-old member of the Socialist Workers Party would have watched with a trembling lip and a misted eye and loved it) it is not what most concerns me.

What does concern me is on the one hand the growing craze for illustrating even the simplest of ideas or statements with Mickey Mouse graphics, and on the other hand the failure to throw out the old tricks of the filmed interview trade.

By Mickey Mouse graphics I mean (mainly) those animated pictures which show — for instance—little yellow cars driving on to little black ships and sailing away on bright blue seas, as occurred in *The London Programme* about Lloyds last week. There are other forms: BBC2's *Westminster* required John Sergeant to tear the petals off a giant rosette on the studio wall to reveal different bits of party funds (for something) in a weird parody of "she loves me, she loves me not."

Worst example of all is *Weekend World* where a little picture of a pinched purse ("a squeeze") or a doll's house marked "Bank of England" ("the central bank") are quite likely to acquire their own sound effects. Little cartoon men visiting a little cartoon bank to swap little three-dimensional dollar and pound signs were actually accompanied last Sunday by Goon Show style footsteps on the soundtrack, advancing and receding.

When you add to this the idiosyncratic speaking style of presenter Brian Walden who unfortunately cannot pronounce the letter "r" and in addition always enunciates (as he did in the Commons) as though wead-ing to the un-der sev-ens the programme becomes most off-putting, which is a shame because its objects and its basic materials are so often admirable.

The old tricks in filmed interviews are (mainly) the "noddy" and the "cutaway" and they crop up so often—everywhere from schools programmes to *Man Alive* (which seems to have reverted to its lachrymatory origins)—that we are all inured to them, and probably do not even notice them. Yet we should because they are inherently dishonest, and the very best programmes such as *World In Action*'s excellent special edition on "The Hunt For Dr. Mengele" last week take great care not to use them.

They are designed to give the appearance of a smooth and uninterrupted flow to what may actually be a heavily cut and edited filmed interview. If the interviewee alone were filmed and all the unwanted parts then cut out, and those to be retained joined back together again, the viewer would see "jump cuts" where the excisions were made. Nobody sits dead still and where a cut is made the interviewee's sudden change in posture or eye-line is obvious: he appears to jump.

This is frequently disguised, however, by filming the interviewee throughout the interview, then turning the camera round and filming the questioner "nodding" (and often grinning inanely) in order to produce a bit of mute film which can be sliced up and inserted into the edit points to give what appears to be a "reaction" shot with what seems, when editing is finished, like the uninterrupted sound of the interviewee's voice over the top. A "cutaway" to look at the room, a book, or anything else serves exactly the same purpose: disguising the excision and avoiding the jump cut.

Custom and practice have brought these techniques wide acceptance in Britain and some (not all) other countries though programme makers of the very highest integrity have never liked, and in a few cases never accepted, them. (They simply live with the clumsiness of the jump cut, or to indicate passage of time fade the film to black over the end of one of their interviewee's answers and fade up again for the next question, or mix through from one picture to another; in each case the viewer can *see* that editing has occurred).

With current affairs programmes making welcome improvements in subject matter it is time they also started to improve their grammar by cutting back the Mickey Mouse graphics to the few that are genuinely informative, and seeing noddies and cutaways for what they are: disreputable devices for misleading the viewer.

The South Bank Show: Melvyn Bragg and Tom Stoppard

Radio 3

Per Norgard

by DAVID MURRAY

Monday's European Broadcasting Union concert came from Copenhagen, given by the Danish Radio Symphony Chorus and Orchestra, and its largest offering was the second performance of Per Norgard's Third Symphony. Before it came two works by that mysterious Schoenberg pupil, the late Nikos Skalkottas: his compact and violent Symphony in One Movement, and the première of his Concerto for Double Bass (there are many Skalkottas pieces awaiting premières).

As usual, the gritty effectiveness of the orchestral writing exceeded what could have been expected from a composer who had the opportunity to hear scarcely any of his music performed, and the uncompromising contrapuntal energy recalled a daunting, powerful aspect of many of Schoenberg's own scores. Klaus Stoll made the solo bass part sound safely within superhuman possibilities—much of the writing is throatily lyrical, and it doesn't suffer from the familiar fault of sounding as if the composer wished he were really writing for the cello.

Another side of Schoenberg is unamiably reflected in Skalkottas, notably in the one-movement Symphony here: a rhythmic squareness which is not concealed by busy patterns of quavers, and which only very clever playing can rescue from mere mechanism. For all the multi-levelled exuberance of Norgard's Third Symphony, there is more than a whiff of that about it, too. The work is in two movements, planned on lines which the composer believes to bear upon the nature of sound itself. The first expounds the musical elements unhurriedly, drawing on the whole bottom-to-top range of the orchestra; the second makes elaborate constructions with them, introducing a chorus which concludes the Symphony with an opulent setting of one of Rilke's *Sonnets to Orpheus*, "Singe die Gärten, mein Herz." It may be surprising that the piece seems steadily less strange and more conventional as it grows in complexity—the general effect of the last 20 minutes belongs somewhere between Mahler's "Symphony of a Thousand" and Constant Lambert's *Rio Grande*.

Norgard's earlier pieces aimed at "magical" evocation, and, despite his more recent interest in acoustical and numerological principles, his musical vision has not changed much. Some experiments with the species of canon in which all the voices sing the same melody, but in different and proportional note-values have proliferated here into an imposing polyphony in which the slowest notes main a comfortable, *lumpen* plod, supporting an indifferent variety of quicker riffs above it. As for the melodic material, since the composer claims to derive it from the natural harmonic series (it is more complicated than that, but never mind) it soon settles into familiar tonal ruts: it is sometimes remarked of Schoenberg's *Pierrot* that atonal canons are easy to write, but in a pop-flavoured diatonic idiom it is no harder to superimpose many voices.

Theatre Upstairs

Masada

Masada is a beautiful mountain town by the Dead Sea where, in the 1st century A.D., several hundred Jews barricaded themselves in against the Romans and eventually committed mass suicide in a gesture of anti-imperialist defiance. Edgar White's play, imported from the Keskidee Centre, suggests racial parallels by, in its second act, presenting a mayhem black settlement in South Africa where folk of different gradations of colour—Bantus, mulattos and coloureds—thrash around to jungle rhythms while Sophie (Millie Kiarie) jilts an insistent New York Jamaican, Lazarus (Trevor Ward), in favour of a rich, coloured blind man.

The township is called Masada, but Mr. White never makes anything coherent of his parallel as much of the play is spent defining attitudes of bickering and resentment among the enclosed society. In its New York presentation, the blind man was white, as was his sister who lounges around complaining of the problems of so being in South Africa. Rufus Collins's confusing and virtually incomprehensible production gives us a coffee-coloured filial relationship that defuses most of the text's points about their status in the community.

The coloured Bancroft, in the play's first half, is travelling by train through Europe on his way to an expensive eye operation in South Africa, accompanied by black Lazarus to whom he suggests a kidnap operation in order to extort money from his family. His blindness and his richness are important for the first hour but both characteristics are lost after the interval in a hopeless miasma of messy narrative which deposits Lazarus in lustful pursuit of the Bantu Sophie.

I have no idea at all what Mr. White is aiming at, the whole show coming across as a casually concocted stew in which racial questions are raised and abandoned in a spirit of meaningless, careless rupture. The acting is dreadful. MICHAEL COVENEY

Gary Bond and Elaine Paige

Prince Edward

Evita by B. A. YOUNG

It is Harold Prince's triumph to have turned the essentially untheatrical *Evita* into a theatrical phenomenon. Neither Tim Rice's galumphing libretto—it's hard to believe that it came from the same typewriter as the pretty verses of *Joseph*, the passionate songs of *Jesus Christ Superstar* — nor Andrew Lloyd Webber's tuneful score is dramatically thought out.

Dramatic shape has been imposed on it by Mr. Prince's visual resources. Climax and pathos and tension are expressed by the use of the scenery and the chorus, with powerful help from David Hersey's lighting, while the music goes on and on with little change of mood. There is a passage for the orchestra following Eva Peron's singing of "Don't cry for me" after the interval suggesting that Mr. Lloyd Webber possesses more emotional versatility than he uses anywhere else; there are bits in the first act that try out a satirical approach to the subject that would have been better than the flat narrative it relapses into; but *Evita* never really hits its target squarely. Perhaps its authors found the target as distasteful as the rest of the world.

At any rate *Evita* is splendidly performed. Elaine Page turns herself from a provincial groupie into a *grande cocotte* into a tired politician with the subtlety the part demands, and indeed more: and though she is called on to use a strident delivery and though, alas, all the sound, including the orchestra, is transmitted to us by way of loudspeakers on either side of the proscenium, she projects a genuine personality.

Gary Bond, the new Che, who is not really Che but a narrator to fill in some historical detail, is excellent. He dances round the action lightly and elegantly, injecting a hint of the humour that the show so sadly lacks, and his attractive voice never suggests the standardisation of the pop singers in spite of its electronic amplification.

None of the other principals has much to do. Joss Ackland, hardly recognisable under his make-up, looms, usually in the background, as Peron. Mark Ryan, as the tango singer who gives Eva Duarte her first glimpse of glamour, provides a competent imitation of a tango singer. As Peron's discarded mistress, Siobhan McCarthy brings a most sweet voice to her song, "Another suitcase in another hall." The dancers of Larry Fuller's lively routines are smashing. But Mr. Prince, Mr. Hersey, and the designers, Timothy O'Brien and Tazeena Firth, are the stars.

Grand Théâtre, Nancy

Ballet Théâtre Français by CLEMENT CRISP

Ballet Théâtre Contemporain which Jean Albert Cartier guided in Amiens, Angers and in tours round the world, is no more. Instead a new ensemble, Le Ballet Théâtre Fraçais, has been inaugurated, dedicated to a broader based repertory of 20th century works, and most handsomely lodged in Nancy. The company is again under the command of Cartier, and the Ministry of Culture and the local Lorraine authorities have—unlike our own starveling, short-sighted powers—given every financial assistance to the enterprise. The Grand Théâtre in Nancy's miraculous Place Stanislas is the company's show-case; even more impressive is the conversion of a former factory turned theatrical paint-shop into a home for the troupe. A magnificent dance-studio opens up through two stories of the building to provide balconies from which the public may watch rehearsal and class; a small stage surrounded by tiered seats has been created to permit all forms of in-the-round entertainment and experiment; an exhibition area, dressing room and rest facilities for dancers, a general feeling of the importance of what has to be done to provide proper surroundings for good work—all are symptomatic of governmental and departmental willingness to encourage the arts. For the people of Nancy and of Lorraine this means a much closer involvement with dance: already 600 school children are to be indoctrinated during the year with visits to class, performances, rehearsals, and a new audience thus ensured.

The repertory and personnel of the Ballet Théâtre Français owes something to the creations and dancers of the Ballet Théâtre Contemporain, but the style of the new company is intended to be more classical. Thus its initial programme last week contained two works made for BTC—Viola Farber's *Autumn Fields* and Louis Falco's *Cooking French*—with the newly acquired *Somnambule* (Balanchine's *Night Shadow*) and the *Don Quixote* pas de deux for two young guests from the Paris Opéra.

Night Shadow at present escapes the company entirely. They do not understand its Gothick Corrupt manner, with a disquieting and hectic party framing the ravishing duet for the Poet and the Somnambulist. A bland, dutiful performance missed all the sense of Romantic fervour and nightmare: design that relied upon creamy beiges and reddish browns, dim lighting and two accursed follow-spots, compounded the faults of presentation, which was not even dramatically clear at the moment of crisis when the Baron, dagger in hand, is supposed to enter the castle. Happily Richard Cragun was a guest Poet who knew all the implications of the role. His white suit was more Travolta than Romantic, but his interpretation had the passion, the flaring excitement when faced with the innocence of the Somnambulist, that was exactly right. Dominique Khalfouni from the Opera should be an excellent Night Shadow: she has the impeccable points and elegance the part needs, but she lacks as yet the pathos and the mystery forever associated with Nina Vyrubova's glorious appearances with the de Cuevas troupe. One idiomatic performance came from a member of the company: Yannick Blanchard was fine as the Harlequin in his rhythmic alertness and in those rheumatic spasms which give so macabre a flavour to the solo.

Autumn Fields and *Cooking French* have the common fault of excessive length. *Autumn Fields* is an exercise in movement set against greyness; against grey, unisex costumes and a trio of slowly turning metal grilles like hatchments, whose gradually altering positions match the sluggish changing of Philip Glass's score, a harmonic ostinato which seems musical wall-paper of the dreariest patterning. Viola Farber's choreography reacts with and against the other components of the piece, interesting bursts of energy with hints of drama and moments of attraction and repulsion among the dancers. Fascinating for half the ballet's length, these ultimately tire, but the enthusiasm and dedication of the company performance led by Noriko Kobuta and Jean-Claude Giorgini is admirable throughout. *Cooking French* is the statutory joke to end a programme. Brevity is the soul of danced wit as of every other kind; unfortunately Louis Falco seems reluctant to omit one single Edith Piaf number from the raucous score he has chosen, and so for far too long, a wiling cast romp and are vivacious. Muriel Belmondo and James Urbain are funny, resourceful, immensely charming; their companions work no less hard, and William Katz's designs are, as ever, exemplary in elegance and control.

Although both works overstay their welcome, it is plain that the members of BTF are already a company, and no mere agglomeration of dancers, and they are worth seeing. As a bonne-bouche, Patrick Dupond and Jennifer Goubé of the Paris Opéra were invited to appear in the *Don Quixote* pas de deux. Once again this proved itself a trap for the unwary, and in this case, for the immature. Dupond is wonderfully gifted, as the demands of the MacMillan soirée had shown two nights before: Goubé is delicate, promising. But *Don Quixote* is only for the aristocratic and assured, for Maximova and Vasiliev, for Makarova and Barishnikov, who know how to flirt with the steps and to play at being Spanish. Goubé and Dupond were flustered: they looked ill at ease, their gifts seemed cheapened and vulgarised. Both need the guidance of great artists to prepare them for such nonsenses, to enable them to dance as they should. Otherwise their abilities, as well as their reputations, will suffer.

Covent Garden guest conductor

Patrick Flynn, conductor, American Ballet Theatre, makes his debut at the Royal Opera House, Covent Garden, at a performance of *Romeo and Juliet* on Tuesday February 20.

In addition to his extensive work as a conductor which includes regular guest appearances with Sydney and Queensland Symphony orchestras, New South Wales Dance Theatre and the Australian Opera, he is a prolific composer with numerous orchestral scores, musicals, film scores and a rock opera to his credit.

At Covent Garden he will conduct nine performances of *Romeo and Juliet*.

The Royal Ballet to premiere MacMillan one-act ballet

During February/March, The Royal Ballet at the Royal Opera House will present the world premiere of a one-act ballet by Kenneth MacMillan; a major revival of *Diversions*; performances of *The Concert*, *Elite Syncopations*, *Enigma Variations*, *Symphonic Variations*, *Romeo and Juliet*, *Swan Lake*; and further performances of *The Firebird*, *Birthday Offering*, *The Rite of Spring*, *Scènes de ballet*, *La Fille mal gardée*, *The Sleeping Beauty* and *Mayerling*.

Kenneth MacMillan's new one-act ballet to Ravel's Piano Concerto in G Major, with scenery and costumes by Ian Spurling, will receive its world premier on Thursday March 15 in a triple bill with *Diversions* and *Elite Syncopations*.

The cast will include Merle Park, Jennifer Penney, David Wall and Wayne Eagling.

On January 31 there will be a Schools' Matinee performance of *The Firebird*.

Austrian bank to sponsor "Die Zauberflöte"

The Creditanstalt, Vienna, the largest Austrian Bank, will sponsor The Royal Opera's new production of *Die Zauberflöte* which opens on February 15, 1979.

Die Zauberflöte will be produced by August Everding, who also produced the Royal Opera's *Salome* in 1970. Jürgen Rose will be the designer and Colin Davis will be the conductor.

The opera, which will be sung in German, will be presented as a reproduction of the new Bavarian State Opera production which opened in Munich on October 30.

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Structural inflation

THE RECOGNITION in this country that an anti-inflationary financial policy is an indispensable part of any strategy for recovery now embraces both the main political parties and the Treasury (which has been rather slow to come round) as well as the Bank of England, but it is not yet entirely general. The left wing and the trade unions continue to talk of growth as a cure for inflation, rather than a result of stopping it: and a number of professional economists, with a large intellectual capital invested in "real" (that is, neo-Keynesian) forecasting models remain sceptical, to say the least.

Orthodoxies

Some of these economists are in very influential positions. The OECD secretariat was until recently a factory of locomotive, convoy and other theories of concerted growth policies, and a centre of official resistance to calls for financial stabilisation in the U.S. In this country the National Institute of Economic and Social Research has never wavered in its attachment to the orthodoxies of an earlier decade: and this month it mounts a frontal attack on what has become the conventional wisdom.

Its criticisms are nothing if not radical. The National Institute, reviewing the statistical evidence, concludes that the whole case for making financial policy the centre of anti-inflation policy is based on wishful thinking. It is not satisfied that monetary policy can influence the inflation rate, the exchange rate or even, in any very powerful way, the level of activity: and even if a recession is provoked—by fiscal rather than monetary policy, on this view—there is little evidence that wage inflation would respond. On this view, the whole chain of causation starts with wage pressure and works through from there: high wage settlements push up the demand for borrowed funds, depress the exchange rate, and thus all three are associated with rising inflation.

In a world in which every economic series is quite strongly correlated with every other (nearly all the numbers rise over time) it is dangerous to say that any notion of how the economy works is proved. That is why the growth of mathematical economics has done nothing to resolve the fundamental arguments: and since the National Institute's forecasting record is perfectly respectable, one can concede that monetarist beliefs are not necessary to forecasting. All the same most people who have observed the recovery of sterling since the squeeze of 1976, or the collapse of the dollar, will find the Institute's assertions very odd. We do have an exchange rate policy in this country, and it appears to work.

The result is not to fix the exchange rate regardless of what happens to wages and prices, but to apply a strong bias: with tight finances, the exchange rate will at all times be too high for the comfort of those who are most successful in raising money costs. The hope for the policy is not that it will deflate the whole economy, but make life hardest for those who behave most unreasonably.

Inflationary

It remains true, of course, that under financial discipline of this kind, growth is easier to achieve when bargaining is realistic; and it is also true that many important groups are not directly affected by competitive pressures from foreign rivals—notably in the public services. One can further concede to the Institute that the British wage bargaining system, as it stands has an inflationary bias. These are the arguments which have for many years inspired official efforts to contrive an incomes policy. At every failure it is argued, as in the present case, that the fault lay in the particular policy which has just failed.

The fact is that while the National Institute raises an important question, it is becoming very hard, after 20 years, to believe that the answer is to be found in further search for this particular philosophers' stone. The question is one of structure rather than behaviour—excessive trade union privileges conceded in the search for incomes consensus, excessive market concentration fostered in the name of industrial logic. It is these questions which must sooner or later be faced if we are to stop battering ourselves silly against the very necessary limits of financial prudence.

Shareholders' objectives

DIRECTORS of public companies, it is often said, have responsibilities not only to shareholders, but also to customers, employees and the community at large. But the first and overwhelmingly most important objective for directors is to run their company efficiently and profitably. As long as competition is working properly, there is strong pressure on management to perform, but how far can this pressure be reinforced by the activities of external bodies, particularly institutional shareholders and creditors? There have been numerous instances where well-established companies have slipped into a process of steady decline, through failing to anticipate market changes, lack of product development or other deficiencies: only when the disease has become terminal and a major crisis is at hand have the shareholders tried to take action. If they had taken a closer interest in the company's affairs at an earlier stage, recovery might have been possible.

Passivity

The much-criticised passivity of institutional shareholders underlies the remarks made yesterday by Mr. Gordon Richardson, Governor of the Bank of England. Mr. Richardson put himself firmly on the side of those who believe that the institutions should not simply sell their shares when they become unhappy with the way a company is being run. "If they are doubtful or uneasy, they should ask for explanations and expect to receive them. Thereafter the nature of the appropriate action will depend on the circumstances of the case. But if in the end they are dissatisfied, they should, individually or collectively, take steps to change the composition of the Board."

The Governor was equally insistent about the need for effective monitoring by the banks, whose term lending to companies had increased considerably in recent years. He noted that in some cases which had come to the attention of the Bank of England the clearing banks concerned were unaware of the total indebtedness of the companies to which they had lent. These examples suggest that "there could be room for improvement which might pay valuable dividends in terms of earlier warning of corporate problems and thus facilitating remedial action."

Because their relationship with companies is more direct, it should be relatively easy for the banks to improve their monitoring arrangements. But for the institutions there are several problems. One concerns the mechanics of intervention. Institutions generally prefer to work behind the scenes and they are reluctant to act collectively except in extreme cases—and then it is usually too late. At the time of the formation of Equity Capital for Industry, there were suggestions, to which Mr. Richardson referred yesterday, that this body might be a vehicle for collective action, but there is no sign as yet that the institutions are prepared to entrust this role to it.

There is a wider question over whether the interests of the institution necessarily coincide with those of the company in which it holds shares. On some occasions the institutions have appeared to be more concerned with, say, the maintenance of the dividend than with the long-term health of the company. Some investors may wish to see a steadily rising share price; others may be looking for high yields. These requirements may conflict with the desire of management to build a strong, viable company for the long haul.

Disadvantages

There are some advantages in the close relationship which exists in Germany between banks and companies; the banks have a long-term commitment to the business and, in consequence, are obliged to develop a deep understanding of the company and its industry. But the system has drawbacks as well and in any case could not be transplanted to the UK. But if the principle of greater shareholder activity is accepted, as it should be, the objectives which the institutions are pursuing in their investment policies need to be carefully examined and defined.

Ruhr steel strike: By ADRIAN DICKS

The German way goes wrong

THE GERMAN social contract should never be taken for granted: that was the warning given in his very first speech as Economics Minister, just over a year ago, by Count Otto Lambsdorff. The partnership between unions and employers, although a central part of the prosperity of the past 30 years, had to be constantly safeguarded and nurtured. It could never, he said, be taken as a matter of course.

For anyone who did not believe him, this week should have provided a rude awakening. The social contract is under double strain, from which it might still spring back into its familiar shape or, more likely, evolve into something much less easy to live with. At 6 a.m. yesterday the Ruhr steel industry saw the end of a proud 50 years without a strike. Some 37,000 of its 200,000 workers came out on strike. On Friday, a further 29,000 will be locked out by their employers.

Highly charged case

In Karlsruhe, a little later in the morning, Dr. Ernst Benda, President of the Federal Constitutional Court, opened hearings of what may be the most highly charged, as well as most complex, case in the history of the court—the employers' challenge to the act of 1976 extending the system of worker participation *(Mitbestimmung)*.

Of the two events, the steel strike has taken the greater immediate hold on opinion in West German industry and the country at large. As in past years, the steel wage negotiations are the first of the new season, and will have a particular impact on those which open next month in the metal-working and engineering sector. The steelworkers' union, the huge Industriegewerkschaft-Metall, has stood fast on its claim for 5 per cent (roughly in line with the average of the last season's pay settlements). The employers' final offer over the weekend was 3 per cent.

Although the wage claim is important, both for the 1979 national trend and for the steel industry itself, the real issue is IG-Metall's demand for the progressive introduction of a 35-hour working week in the steel industry. Steel is only one industry covered by this union. Another section deals with the much more prosperous engineering and motor industries. IG-Metall is closely supported by its fellow member-unions of the Deutsche Gewerkschaftsbund (equivalent to the British TUC). If it succeeds in getting a 35-hour week in the steel industry, it will press for similar terms in the engineering industry and motor industries. It will then probably be no more than a matter of time before other unions follow suit.

Statements from other employers' federations and from their central organisation, the Bundesvereinigung der Deutschen Arbeitgeberverbaende (BDA), have made clear that the rest of industry is willing to acknowledge that the steel companies are fighting a battle in the interests of all.

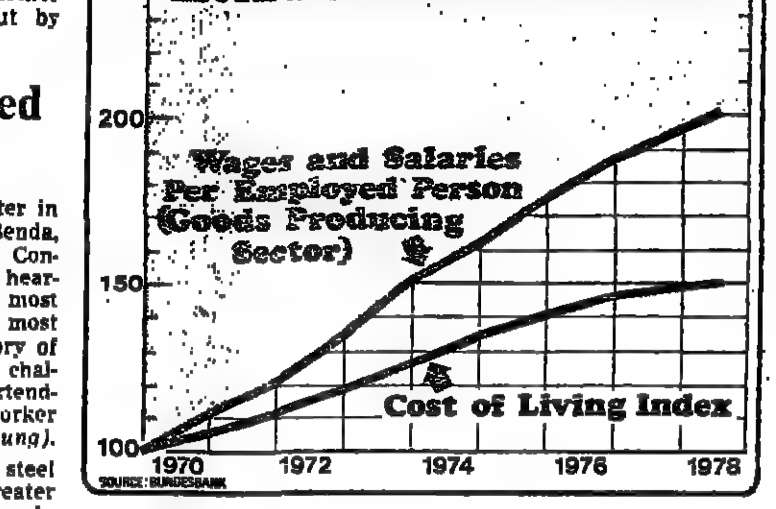
From the union side, the 35-hour week is an objective with a lot to be said for it. For the time being, it seems to have eclipsed the theme of last spring's bitter disputes in the engineering and printing industries, which was the inclusion in wage contracts of specific job and wage classification guarantees (though it remains to be seen whether these will be on the table in other industries next spring).

Aside from the general proposition that most people would like to work shorter hours for the same pay, the 35-hour week is politically attractive to the unions. After years of frustration in the face of high and seemingly intractable unemployment, here is what can be presented, at least on the face of it, as a socially constructive goal of union policy which can be pursued at the wage bargaining table.

On the face of it, the steel industry might seem to offer a rather poor opportunity for the idea that a shorter working week means a reduction of unemployment rolls. For although the industry is working at only around two-thirds of capacity in the fourth year of the world steel crisis, the nature of the steel-making process demands continuous shifts. So the last thing that the employers want is to add to the wage bill or to the number of people entitled to fringe benefits, which in much of German industry now amount to almost as much as wages and salaries themselves.

The employers' final offer last weekend, proposing an average of six weeks' annual holiday for all in the industry, underlined the fact that they could afford, even in present circumstances, to give away time as such. What they cannot agree to is another hefty increase in the cost of the labour needed for a still unsatisfactory level of output. Thus the Iron and Steel Employers' Federation has refused, and will probably continue to refuse, even to discuss a 35-hour week. For the companies, the present 40-hour week comes dear enough.

It is at present hard to see any possible ground for compromise between these two positions—though it is perhaps also important to note that the IG-Metall leaders have been arguing that recent signs of a pick-up in the steel industry's order books, and more steady prices, mean that the companies are not as deeply in the red as they have been claiming.



The engineering employers, who think they are next in line after the steel companies (and in some cases belong to the same concerns), appear to regard IG-Metall's choice of the steel industry as an easy way into the engineering sector. Here, the problem of continuous production around the clock does not apply, but many companies are already short of skilled labour. The demand for a shorter working week would add substantially to their delivery difficulties.

The steel employers, it is argued, cannot afford to hold out for long, especially since the union has deliberately aimed its selective strikes at steel plants whose output goes to the motor industry or to its components suppliers, almost the only profitable area of the steel business at the present time.

Yet this is to over-simplify the union's intellectual case and to underestimate gravely the emotional background that is peculiar to the steel industry alone. IG-Metall wants the 35-hour week for steel as a means of protecting the jobs of the men who work in the industry now. Three weeks ago, the union held a conference on the theme at Muelheim, in the Ruhr, at which assembled shop stewards and works council chairmen gave a sceptical, if not downright hostile, reception to Viscount Etienne Davignon, the European Community's Industry Commissioner, when he assured them that his rescue plan for steel must have its social dimension.

"This plant on strike"—pickets in the snow outside a Hoesch steel works in Dortmund.

Their fear, as one angry questioner put it, is that the Community steel policy will be used as one more cloak for further cuts in manpower. Herr Rudolf Judith, the IG-Metall board member responsible for steel, put it even more bluntly when he pointed out that in 1975-77, no fewer than 36,000 jobs had disappeared in the industry. In the current year, at least 5,000 more were due to go. Between 1978 and 1983, he said, the rescue plans agreed for the Saar steel industry call for a rundown of another 8,700 workers, while by the union's reckoning, investment plans already announced by such companies as Thyssen and Salzgitter presuppose the loss of several thousand more jobs.

"In almost every company, the directors' wish is for an additional number of workers to be sacrificed in order to get the stricken ship afloat again. One really has the impression here that the employees are regarded in many plants as unnecessary ballast. Rather like stowaways, they are generously and charitably taken along when things are going well. But when the economy is becalmed, they can simply be thrown overboard to lighten the ship."

Amid the cheers which greeted this biting sarcasm, Herr Judith went on to attack the admittedly unctuous euphemisms of corporate language in referring to "letting workers go," instead of talking about sacking. Perhaps he went beyond the pale of German public behaviour in going on to a reminder of the co-operation of pre-war steel bosses with the Nazis. But the message of the Muelheim conference was one of deep disillusionment and scepticism. That appears to be the mood of the rank-and-file, too, at the outset of what promises to be a long and bitter dispute.

From the employers' point of view, Herr Judith and his boss, Herr Eugen Loderer, the IG-Metall President, are doubtless using the steel wage round as an easy way of regaining the ground the union has recently lost on other fronts, such as in the Daimler-Benz works council elections in early October where IG-Metall candidates only barely won re-election. It is certainly true that the present generation of German union leaders are men who feel themselves under intense pressure both from the university-educated intellectuals on their headquarters staffs and from plain discontent on the shop-floor.

However, the employers in turn would appear to have learned little from the past year of increasingly tense industrial relations if they truly hope that the mass lock-out to be used on Friday will "limit the damage and make the stoppage shorter for everyone." Within a couple of hours of the lock-out decision on Monday night, the DGB had warned that unions in other sectors could not stand idly by if what Herr Loderer called "this shameful weapon" were once again applied on a large scale.

Labour courts swamped

Ever since the printers' and engineering workers' disputes last spring, the labour courts have been swamped with tens of thousands of cases brought by workers against employers who locked them out in retaliation against the very same tactic of selective strikes that IG-Metall is using this week. The employers' view, rather monotonously repeated by the BDA president, Herr Otto Esser, is that past court rulings allow the use of the lock-out as a symmetrical counter-attack to the strike. That may make sense in a purely legal sense, and indeed the employers have so far had the best of the majority of lock-out cases so far dealt with by the lower courts.

Yet the employers sometimes give the impression that they set too much store by the judical interpretation of industrial relations and pay too little account to the practical and political consequences. Trade union rage against last spring's lock-outs led to heated disagreements between Count Lambsdorff and his coalition partners, the Social Democrats, whether legislation should be introduced to regulate the use of this tactic or at least to protect its principal victim, the non-union worker. The dispute was damped down with some difficulty by Herr Helmut Schmidt, the Chancellor, and other moderates in the SPD, who offended many in their own party by roundly declaring that there was no case for action for the time being.

Far more serious consequences could follow if the constitutional court's judgment on the *Mitbestimmung* case, expected in the new year, appears to overturn the 1976 act. As the DGB brief argues, it was overwhelmingly passed by the Bundestag of the day, even if neither the unions nor the employers are entirely happy with it.

As it is, the pending lawsuit has put a complete stop to consultation between unions and business over the broad economic outlook—the so-called Concerted Action Conference, which has not met since the spring of 1977 because of a union boycott. The hearings will give a forum not only to the unions and employers but to no fewer than three ministers in the SPD-FDP coalition to spell out just what they believe the West German social contract should be about.

Such a clarification would not come too soon, even if it pushes against the limits of the traditions of non-interference by Government in industrial relations. For the uncomfortable combination of a dear Deutsche Mark with a high unemployment rate has produced a situation in which both unions and employers are on the defensive.

It is a situation that has not brought out the best on either side, or done much credit to the many years of constructive co-operation which both have behind them. The present coalition in Bonn is not especially popular with either unions or employers. Yet if Herr Schmidt and his colleagues do not provide some sort of lead by strengthening the foundations of the social contract, they will be leaving the last word increasingly to the judicial bench, with all that implies for long-term industrial peace.

MEN AND · MATTERS

Directional dissent

Rumbles of discontent from the director of the Institute of Directors—one of the least expected quarters, perhaps, but the rumbles are real enough. The director, Jan Hildreth, tells me he is unhappy with the conclusions of the management consultancy firm John Broadbent Jones, which has been examining the institute for some months.

"The arrangement is designed to make it easier for me to concentrate on doing 'the voice,' talking to the outside world," he says. "But it's done in a way which I don't think is going to be effective. The institute is going to be split into public relations and the work we do for our members. I don't see how you can separate the two at all." The institute was, for example, giving members "a lead" on the issues of the moment, expecting, and getting a quick feedback.

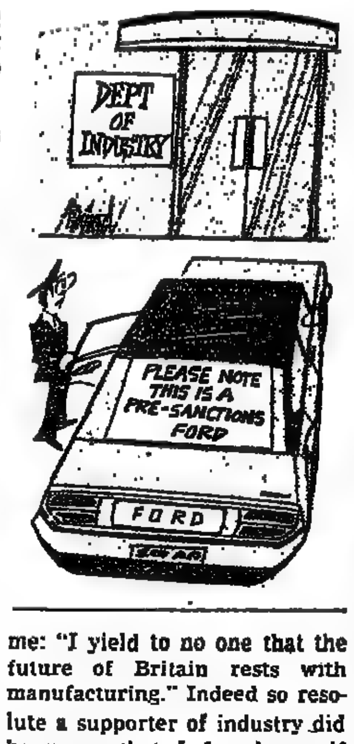
In support of his way of doing things Hildreth, 45, points to the dire financial straits of four years ago, and the way profits rose to £177,000 a year after his appointment, though they have since slipped back. A large part of the profits are now coming from Director magazine, which was losing £90,000 and is this year expected to make £150,000: "It's been a hell of a struggle to bring the place round. We could have done with the help before," he says with a hint of irritation in his voice.

"I know Jan has some worries and problems with this," Denys Randolph, the chairman, tells me. "I don't think it is a problem. You can organise things any way. We certainly wish to do it this way."

Who wins the argument will be decided at the next council meeting on December 12.

Light entente

The sharp aesthetic directive delivered in 1975 by the chairman of Tiffany's, 80-year-old Walter Hoving, on the subject of Christmas trees, seems to have had a lasting effect. As I mentioned on Monday, he requested Citicorp, New York's most powerful bank, to remove its Christmas tree on the grounds that it was "vulgar." The tree was not actually removed, but it did not make a reappearance the next year, or the next. And this year? "No final plans have been made," the bank tells me. "But we do expect to put lights up outside our head office and some more on the trees in the sunken plaza in front of our new building nearby, the Citicorp Center." It sounds a much more modest proposition, and one more acceptable to Hoving even though he has not yet pronounced definitive judgment.



In the fold

The Bank of England's announcement yesterday that it is authorising Derby and Company to deal in gold is something of a coup for Guy Field, Derby's man in charge of metals dealing. Field unexpectedly joined the U.S. Engelhard group, a major refiner of gold, from Samuel Montagu over a year ago. He tells me it was specifically to achieve entry to the fold: "The next objective is to make it operative." Derby is the first non-banking company to be authorised since the gold market re-opened in 1954. There are just two other authorised companies apart from banks.

The question-mark over the move is whether Derby will be invited to join the London bullion market, which participates in the fixing sessions.

Dividing lines

"The view from Westminster" is what Bryan Gould has been asked to present at today's one-day seminar in London on "City and Industry — the Great Divide?" He was quick to assure me: "I yield to no one that the future of Britain rests with manufacturing." Indeed so resolute a supporter of industry did he prove that I found myself asking whether he would not be entering the City as a spokesman for industry rather than of Westminster.

Gould accepted this, even though his own experience involves the Foreign Office and a fellowship at Worcester College, Oxford, rather than management. But of his time with the commercial section of the British Embassy in Brussels he says: "I had some experience of how bad we are at selling goods abroad."

William Lloyd-George of Kleinwort Benson, who is chairing the section of the seminar involving Gould, says that the livelier it proves the better.

Also speaking will be Peter Walker. Would the question of MPs taking jobs in the City be raised? Lloyd-George said he was not sure. Gould stressed that the lines of communication between the banks and Westminster were good, those between industry and Westminster less developed. "Virtually nobody in the Parliamentary Labour Party has any experience in industrial management," he pointed out.

He then suggested that industry itself tends to make the mistake of dealing with short-term problems like tax rates rather than the major problem of ensuring that the economy is managed in its interests, rather than in the interests of the financial institutions. So when he ventures to the City and Financial Group's seminar beside the Mansion House he will be behaving as many Labour MPs feel they need to in the City, that is firing off the occasional broadside. But equally he will be in the right place for some return fire, not least for his claim that for over a century the country has looked after those who deal in money rather than those who make and sell.

Cat food

A reader tells me my tale of U.S. hamburgers rumoured to be fortified with earthworms is matched by a story of a shop in turn-of-the-century Melbourne famous for its meat pies. "The shop had sacked a member of the staff, a dismissal at which he took great umbrage. One day when the place was crowded with customers he rushed in with two dead cats, banged them on the counter, and yelled: 'There's two more. I will bring the rest tomorrow'."

Matter of taste

Poignant graffiti seen in Wales: "Humanity is O.K. I just can't stand people."

Observer

Will governments in Europe and Scandinavia continue to prop up weaker mills after the slump? **Max Wilkinson** reports.

Anxious times for pulp and paper makers

THE RECENT improvement in demand for pulp and paper products is causing anxiety to many producers in Europe and the Scandinavian countries.

For as the market returns to more "normal" levels after its longest and steepest recession since the war, there is widespread anxiety that patterns of supply may have been permanently distorted. As a result, many people in the industry fear that prices will *move only* sluggishly towards a level which would stem the industry's serious losses.

The major distortion introduced by the recession has been the intervention of governments in Scandinavia and continental Europe to prop up companies which faced a *serious risk* of collapse during the slump. Government help has ranged from the subsidy of surplus pulp stocks in Scandinavia to grants towards investment projects in the UK and other European countries.

More seriously, British manufacturers believe that their continental competitors have been *receiving government* help in the form of "soft" bank loans and other forms of aid to cushion them against operating losses.

The result has been to maintain a large over-capacity among producers of printing and writing paper in Europe. Prices have been held down as a result of Government aid intended to try to keep employment levels as high as possible; and rationalisation among the smaller continental mills has been delayed.

The question now facing the paper makers is whether governments, having once *become embroiled in the* competition for market shares, will ever be persuaded again to withdraw to the sidelines.

As Mr. Tom Corrigan, managing director of Inveresk, the Scottish paper group, told a recent symposium: "Our industry will continue to be plagued by poor operating *results if unnecessary* new investments in production are financed by state funds and inefficient operations are artificially supported.

"Once this process is started, however, each country in turn may be compelled to react and respond to the actions of others."

British companies are entitled to feel a certain bitterness about the recent pattern of intervention in continental Europe. The UK paper industry suffered a severe contraction during the 1960s when, as part of EFTA, it was exposed to the full force of *Scandinavian competition.* The Scandinavians were at that time building large modern mills which were closely integrated with pulp production. Many of the smaller UK mills which had to buy pulp from abroad were forced out of business.

The smaller continental mills, on the other hand, were somewhat insulated by the tariff wall around the EEC. Therefore, in France, Italy and to a lesser extent in Germany, many smaller mills have survived although several large paper mills have been built—for example, by Nordland Papier in Germany.

The consequent over-capacity in Europe, exaggerated by the slump in demand for paper in 1975, led to a collapse of prices and to widespread losses. In the UK, however, prices remained comparatively stable and most mills managed to stay *marginally profitable.*

The *fact* that the British industry had already suffered a shake-out of surplus capacity helped it to survive the recession. A step-by-step increase in tariffs against Scandinavian producers resulting from the UK's entry into the Common Market also helped. At the same time the Scandinavians were happy to take what is described as a "responsible" attitude to pricing in the UK. That means they refrained, by unspoken consent, from starting a cut price war for market share.

Now, however, the UK producers are facing a new threat of low price imports from continental Europe, particularly from France and Germany, whose exports to Britain are now free from duty.

The recovery of demand in the UK is therefore proving to be a very uncertain blessing. Consumption of all grades of paper and board is expected to increase by 3 per cent this year compared with 1977, but a third of this increase will be taken by imports which are expected to rise to a record level of 48 per cent of UK consumption, of about £1.2bn.

Imports of fine paper from *France, in particular, have been* rising fast, from *only* 33,000 tonnes in 1976 to an expected 100,000 tonnes this year. German mills which pursued a policy of running at nearly full capacity during the recession, are also seeking to increase their share of the British market.

The main effect of these imports has been to reduce prices in the UK nearer to the continental European level. This process of exporting surplus capacity to neighbouring countries has been widespread throughout Europe in different grades of paper. Italian mills, for example, have been export*ing at low prices to Germany*, while low priced tissues and board has been finding its way into northern Europe and the UK from Spain.

The result has been a general reduction of prices to a lowest common denominator in Europe.

The trend towards standard prices emerging throughout Europe is likely to continue as tariffs between the EEC and the EFTA countries are gradually reduced. Under present agreements these duties are to disappear completely by 1984.

When this happens, the smaller mills in Europe will be ex*posed to the full force of com*petition from larger integrated units in Scandinavia, and it is likely that many of them will suffer the same fate as the UK mills which closed in the 1960s.

Mr. Corrigan says: "Unless changes are made to the programme of tariff reduction, or other intervention occurs, some rationalisation of production within the EEC seems inevitable."

He believes the European paper industry will have to undergo rationalisation, amalgamations and modernisation on a large scale if it is to survive the challenge. "This would not *necessarily mean a reduction of* capacity but more concentration of ownership with fewer but more efficient producing units."

His views echo the predictions of the U.S. consultants, Frost and Sullivan, whose report on the European industry suggested that there would be continued closures of mills producing less than 30,000 tonnes a year, with mergers of some of the medium sized plants. In the ten years between 1965 and 1975, they reported that 280 paper mills had closed.

But even in the period of strong demand in 1974, nearly *a third of the 1,800 mills in* Europe and Scandinavia were producing less than 10 tonnes a day. The big producers were 500 plants of which more than 300 were in the EFTA countries.

The prospects for future rationalisation in the paper industry are greatly complicated however, by current uncertainty about the relationship between the supply and price of pulp.

The Scandinavian suppliers which once dominated Europe lost their leadership three years ago because of a disastrous policy of trying to hold up prices against American competition. The Americans increased their share of the European market from around 44 per cent in 1973 to about 60 per cent in 1977 before the Scandinavians were forced to reduce their prices. As a result, Swedish mills suffered losses of nearly £500m between 1976 and 1977 and are expected to record heavy losses again this year.

An improvement of the U.S. market combined with a 2.5 per cent increase in European consumption has brought some relief to the mills. The European price of bleached chemical pulp used in fine paper has consequently been increased to $380 a tonne compared with its lowest point of $330 in the UK and about $300 on the Continent last year.

Further increases next year could help to put mills back into profit especially if they can maintain production at the current rate of 80 to 85 per cent of capacity. However, the events of the last two years have underlined the weak strategic position of Scandinavian mills compared with those of American competitors.

For every tonne of pulp produced, Canadian mills can obtain the wood used for about *$50 less than the price paid by* Scandinavian mills. Those in the Southern States of the U.S., where labour is cheap and trees grow much *faster*, can obtain wood for $100 less than the Scandinavian price per tonne of pulp. The Scandinavians are burdened by high labour costs and environmental regulations which add to the cost of producing pulp.

Therefore the Americans will always be able to drive the price downwards in Europe provided they can maintain supplies.

Mr. Carl Landegger, managing director of Parsons and Whittemore, estimates that between 1979 and 1982 U.S.-owned production capacity, including that for the industry's own mills will increase by 4m tonnes a year.

He says: "I believe that during the next five to ten years the vast majority of the new market pulp available to the European paper mills will be coming from the southern part *of the U.S.*"

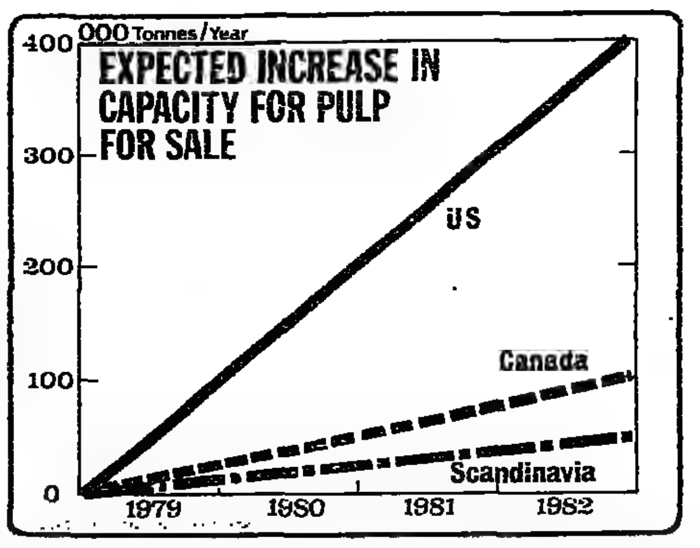
Unless there is an unexpected surge in the demand for paper products and hence for pulp *during this period, it seems* likely that pulp prices will tend to be set by the U.S. producers rather than the Scandinavians.

The trend towards a competitive market with comparatively lower prices should be reinforced by investigations *started this year by the EEC* Commission into allegations of price fixing.

Cheaper pulp supplies would in theory help the independent European paper makers to compete on better terms with the large integrated pulp and paper mills in Scandinavia.

On the other hand, a permanently depressed level of pulp prices would put pressure on Scandinavian companies to realise profit from manufacturing paper.

However, desirable from the Scandinavian point of view, these developments would require large capital investment *which most companies are in no* position to finance at present. The European industry may therefore enjoy a respite, but not necessarily a long one.



MAJOR SUPPLIERS OF BLEACHED PULP FOR SALE

Company	Available pulp (metric tonnes)
Parsons & Whittemore—U.S.	900,000
Sodra Skogsagarna—Sweden	800,000
Georgia Pacific—U.S.	600,000
Groupement Europeen de Cellulose—France	500,000
Canadian Cellulose	500,000
Weyerhaeuser—U.S.	485,000
British Columbia Forest Products	480,000
Great Lakes—U.S.	450,000
Stora Kopperberg—Sweden	420,000
International Paper—U.S.	400,000
Canadian Forest Products	400,000
Modo—Sweden	350,000
Irving—U.S.	340,000
Rayonier—France	288,000
S.C.A. (Svenska Cellulosa)—Sweden	280,000
N.C.B. (Norrland Skogsagres Cellulosa)—Sweden	280,000

Source: Parsons & Whittemore

Letters to the Editor

The drug industry

From Mr. M. Harrison.

Sir,—In his piece, "Innovators and the law's delays" (November 27), A. H. Hermann writes of how the increasing volume of product safety legislation, specifically pending product liability law, can work to the detriment of innovation. And, of course, he is right to argue that any Government introducing product safety measures must carefully weigh up the effects of such measures to ensure that they do not inadvertantly operate against the interests of the consuming public that they are designed to further protect.

In the course of the argument Mr. Hermann refers to the delicate position of the chemical industry with regard to the law and innovation, inferring that recent legal developments have put a brake on the pace of innovation. A similar argument has been employed by the international pharmaceutical lobby in attempts firstly to limit the extent of the strict liability legislation that exists in the United States, and secondly to soften up our own legislators before a strict liability regime is adopted in Britain.

To support their protestations, the drug companies are fond of referring to the "drug lag" in America whereby, because of the rigours of strict liability, the introduction of new drugs and their therapeutic value is being delayed by as much as four years. In Britain, the drug lobby holds out this lesson as a warning that strict liability could mean the same state of affairs for the British public and British innovators.

Research material from America *reveals* that the so-called "*drug lag*" is a fictional invention of the drug companies and as such does not exist.

The drug lag and reduced number of drugs available is almost entirely due to a decrease in drugs of little or no therapeutic value. The number of drugs which offer important therapeutic gains has not changed appreciably as a result of drug regulation or product liability legislation. The drug industry dupes the public by referring to its *work as "innova*tive" which has favourable connotations. There are, however, good and bad innovations. Because a drug is new it is not necessarily better than those already available, safer or even just as good; many new drugs are mere pharmacological shadows of the few new drugs of real merit.

The plethora of new drugs being introduced serves, however, to render the medical profession unable to deal with them expertly, safely or effectively.

Providing then that the introduction of any strict liability legislation is drafted with scrupulous care and practised with commonsense it will not *affect the innovative capacity of* the chemical industry in general, and the pharmaceutical industry in particular, but simply make them answerable for any of their products which cause harm or injury, as was only ever its intended purpose.

Mike Harrison.
(Researcher).
British Safety Council,
Chancellor's Road, W.6.

Monetary system

From Mr. S. Dixon-Fyle

Sir,—With New Cambridge *riding side-saddle* (November 23) and apparently without "corsets," you are justifiably alarmed about both their assumptions and style. Floating rates at their worst have produced "wild changes in competitiveness." Acting on its own, a single country seeking "a constant (level of) competitiveness" through domestic anti-inflation policy and/or exchange market management must expect possibly *substantial* volatility in both its nominal and real effective exchange rates. It surely is mistaken to make this an objective of policy.

If the European Monetary System, for example, can reduce volatility in cross-rates among European countries, the UK can, technically, more easily maintain *a constant level of overall com*petitiveness by staying out. Whether it would fare better in EMS would depend on the impact of an EMS of the Nine on the dollar and yen, and on monetary stability generally. If the EMS's impact were to be neutral, the UK might still not be any more able to tackle its competitiveness problems vis-a-vis non-EEC Europe, U.S. and Japan. But it might just be more successful outside EMS.

This is to underline that it is futile to expect that a constant level of competitiveness can be maintained in or outside EMS. More stringent financial discipline would serve only to maintain absolute not relative competitiveness. The operational objective of policy should be to maximise the capacity to adjust to uncompetitiveness or appreciating competitiveness with minimum compromise of inflation, *employment* and growth targets. It might indeed be that this capacity would be greater with Britain outside EMS as now conceived. Political considerations are something else.

S. R. Dixon-Fyle.
30 rue des Bossons, Geneva, Switzerland.

Fish and grain

From Mrs. C. Ribbens

Sir,—There is a demand from the National Farmers Union for more "adjustments" to the Green Pound, which it contends is in the interest of the whole nation. If adopted this policy would push the price of food still higher, cut consumption and allow substitutes and *foreign* imports to capture a large share of our home market. This unwise policy of the NFU is putting unnecessary burdens on consumers especially the poor who, according to the Prime Minister, "are least able to bear" the burdens of the Common Agricultural policy. There is no need to continue with this inflationary and unjust situation.

Around our shores there is an abundance of fish, which provides food, employment and one of the best animal protein foods available, that is fishmeal. Our politicians have given away much of our fish to our competitors in the Common Market. Danish fishmeal, probably produced from our fish, is available at £800 per ton. At this price it is uneconomic to include in most animal foods.

Not only are there ample supplies of fish in British waters, we now produce heavy crops of grain suitable for feeding to livestock. Last year 2m tons were exported, much of it to Communist countries. This received *heavy export* subsidies of between £30 and £50 per ton. Taxpayers are actually subsidising Communist countries to enable their livestock industries to prosper, while included in UK feedingstuffs are by-products — treated straw, poultry manure and a variety of fillers. To make matters worse imported maize, which has a very high energy content, has to bear heavy import taxes and is therefore not used to the same extent as before joining the Common Market.

The NFU is, of course, fully aware of these facts. It also knows that the demand of an increasing section of opinion in this country is that our freedom to use fish and grain to our advantage and to trade un*hindered with the grain produc*ing nations of the world, be restored.

The Common Market is responsible for lower quality and high priced feedingstuffs. The consuming public have a right to enjoy a good harvest. This need can be met outside the Common Market. With lower production *costs farmers* would prosper as never before and could, with their proven efficiency, meet foreign competition. Inflation would go down. Grain producers, whose products would fall in price, could once again receive deficiency payments. There is nothing wrong with subsidising our own productive farmers but it is certainly an evil food policy which compels us to subsidise the communist countries of Eastern Europe.

(Mrs.) Christina Ribbens.
Home Form,
Whitebeam Avenue,
Bromley, Kent.

Mad CAP rules

From Mr. D. Bloom.

Sir,—Your correspondent Margaret van Hattem is plainly wrong in her contention that "opening the large British market to many commodities would drive world prices higher" since the extra (British) demand would be matched by extra (EEC) supplies. Continental cows would not stop producing milk because we rejected the mad Common Agricultural Policy rules that we have accepted at present. German cheese and French butter would still be offered to us, but at world prices not Brussels prices.

The one possible exception is sugar, where we might either renegotiate a sugar agreement in order to prop up the economies of some very poor countries, or, else expand our own beet sugar industry, as alternatives to laissez faire.

Derek Bloom.
47, Old Church Street,
Chelsea, SW3.

Voting rights in Africa

From Dr. R. Horwitz

Sir,—The human and economic stakes in Southern Africa are so tremendous that the exposition of realpolitik in Mr. Berchten's letter (November 25) cannot be left unchallenged.

Sir Edgar Whitehead was the last Rhodesian premier who might have averted disaster. When the white electorate repudiated him, as publisher-editor of Forum I captioned my leader: "To the Communists on a plate." It required no particular prevision—it was the obvious political judgment on the amorality of white majority in Southern Africa.

I mention Forum because it had been founded (by others) in about 1936 to promote the political position of Jan Hofmeyr, when he withdrew from the South African cabinet because he could not and would not adjust to the decision of that master of realpolitik, General Smuts, to accept the lifelong commitment of General Hertzog to eliminate the voting rights of the African peoples in the Union of South Africa.

It was Hofmeyr rather than Smuts who had the better per*ception of the real world with* its interaction of political power, economic change and moral values. The white electorates with their minimal recognition of the nature and significance of human rights patently saw Whitehead and Hofmeyr as "traitors."

What was betrayed, of course, was Christian civilisation, capitalistic change, and human freedom. There is not the slightest hope of rescue, in Rhodesia. In South Africa an immediate acceptance of one man-one vote in return for a constitution to limit the economic powers of the state is perhaps the only realpolitik that may preserve Western interests.

Dr. Ralph Horwitz,
(Visiting Fellow),
London Regional Management Centre,
311, Regent Street, W1.

Discs for car registration

From the Chairman, Contessa Cars

Sir,—Now that at last the fuel tax is to be increased to catch the licence dodgers, pressure will be lessened on the police and the courts, but greater simplification of this aspect of taxation could ease further the work of the police in these matters.

We should adopt a registration disc with the cars' particulars printed across a central band above which a stamp confirming MoT testing with another stamp underneath the band confirming insurance cover could be affixed.

These stamps issued respectively by the testing garage and insurance company and each carrying the expiry date and cars' registration number would effectively present on the windscreen, all information required under our traffic laws, much time and effort and cost of inquiry would thus be saved and by starting the MoT test at a pre-delivery service and repeating after 12 months' warranty, motorists and public alike would be assured that vehicles were known to be in roadworthy condition, each and every year.

E. E. Sunderland,
Park House Coachworks,
Keighley, W. Yorks.

Marketing—not science

From Mr. G. Cameron.

Sir,—With regard to Geoffrey Owen's Lombard column "Why science is irrelevant" (November 17), and his observation that "What Britain has lacked is the competence to make the right product at the right price and at the right time, this has to do with engineering, not with science."

The competence to make the right product at the right price, and at the right time, is to do with successful marketing; and not engineering *per se*. Nearly all 40 sector working parties of NEDO identified the marketing *deficiencies within each sector of* British industry, as well as the Parliamentary Select Committee.

Not until we as a nation are competent in the marketing field, both domestic and international, are we going to achieve the objectives so earnestly being sought after by all—the Japanese are an excellent example of a race that demon*strates the fact that their* "research and development is market-orientated."

What we require are executives in industry who can appreciate the merits of the marketing discipline.

George R. Cameron,
26 Dolphin Court,
Cliff Road,
Meads,
Eastbourne, E. Sussex.

Today's Events

GENERAL

Mr. Richard Nixon, former U.S. President, arrives in London for private visit (until December 2).

Sir Harold Wilson is principal speaker at Institute of Public Relations' conference on City and Industry: the Great Divide, at Barrington House, Gresham Street, London.

Mrs. Juanita Kreps, U.S. Secretary of Commerce, in New Delhi for U.S. India trade talks.

Marketing Society conference at *Royal Lancaster Hotel, London,* on Economic Growth—the Marketing Challenge. Speakers include Sir Adrian Cadbury, Cadbury Schweppes chairman; Sir Terence Beckett, Ford chief executive; Mr. Roy Hattersley, Prices and Consumer Protection Secretary; Mr. *Michael Heseltine, Shadow* Environment spokesman; and Ms. Arianna Stassinopoulos, economist. Lunch speaker: Mr. Clive Jenkins, general secretary, ASTMS.

Final day of Financial Times' conference in Zurich, on World Banking in 1979.

McGraw-Hill seminar for auditors and accountants on Corporate Fraud, at *Royal Garden* Hotel, London. Speakers include Mr. Thomas Edwards, recently a Commander and head of the Metropolitan and City Police company fraud department.

Christies auction Lillie Langtry's love letters.

Hochschild collection, including clocks, silver, paintings and fine English furniture to be auctioned at Sothebys.

PARLIAMENTARY BUSINESS

House of Commons: Debate on proposed European Monetary System.

House of Lords: Report of the Select Committee on a Bill of Rights.

COMPANY RESULTS

Final dividends: Avon Rubber Co. Dundee and London Investment Trust. Muirhead. **Interim dividends:** BPB Industries. Brickhouse Dudley. Daily Mail and General Trust. J. Dykes (Holdings). B. Elliott and Co. Johnson Matthey and Co. Jacksons Bourne End. M and G Second Dual Trust. Ocean Wilsons (Holdings). Routledge and Kegan Paul. Wallis Fashion Group. Westbrick Products. Wheway Watson Holdings. **Interim figures only:** Moorgate and Mercantile Holdings.

COMPANY MEETINGS

Burndene Investments, 22 Hanover Street, Edinburgh, 10.30. Harrisons Malaysian Estates, 100 Old Broad Street, EC, 11. Newman Tonks, *Midland Hotel, Birmingham*, 12. Photo-Me International, Fairmile Hotel, Cobham, Surrey, 5.45. Utd. Real Prop. Trust, Europa Hotel, Grosvenor Square, W, 12. Wombwell Foundry and Engineering, Royal Victoria Hotel, Sheffield, 12.

COMPANY NEWS

Comet Radiovision well ahead to top £6.3m

AFTER reaching £4.24m at mid-way and surpassing the £3.81m achived for all the previous year, Comet Radiovision Services has progressed further to £6.31m for the year ended September 2, 1978.

Earnings per share are shown at 16.5p against 10.7p and the final dividend is 2.30226p making a total of 3.61291p compared to an equivalent 2.34256p previously. A further scrip issue—one for three—is also proposed

The dividend will absorb £216.302, formal waivers having been received covering 49.5 per cent of the shares

Turnover for the year increased from £8.29m to £12.4m The tax charge is £3.23m (£1.81m) leaving net profits at £3.1m against £1.99m.

The tax has been reduced by £192.000 to tax losses brought forward in subsidiaries.

The directors say current levels of trade are in excess of the similar period of 1977 and the directors expect this trend to continue into 1979. Although some margin pressure is being experienced, the future is viewed with continued optimism

The two Scottish McOmomy stores have been refitted, and are now selling a wider range of merchandise including jewellery, china, glass, silverware, leather goods, sports and photographic equipment, domestic electronic and electrical small appliances. The initial response to this new policy has been encouraging, and two more existing sites are suitable for conversion to this new concept.

The group's balance sheet shows fixed assets at £6.47m (£0.78m) and net current assets, £0.93m (£4.03m).

See Lex

INDEX TO COMPANY HIGHLIGHTS

Company	Page	Col.	Company	Page	Col
Airfix Inds.	22	4	Hicking Pentecost	23	1
Alico Medical	23	1	Leeds & District Dyers	22	4
Amber Day	23	4	M.L. Hldgs.	22	5
Brady Inds.	23	5	Moss Engineering	23	2
British Assets Trust	25	1	Parkland Textiles	22	8
Carr (John)	23	5	Renwick Group	23	1
Comet Radiovision	22	1	Sumrie Clothes	22	4
Downing & Co.	22	1	Tecalemit	22	6
English & O'seas Inv.	24	7	Transparent Paper	22	5
Fine Art Devmt.	23	4	Turnbull Scott Shipping	22	2

A. B. ELECTRONIC

At the AGM of AB Electronic Products Group Mr. George Cantlay, the chairman, said with the wages problem settled and with a good order position, this year looked brighter and he felt justified in describing the outlook as encouraging.

Turnbull warns on second half

THE TRADING results for the remainder of the year to March 31, 1979 might well do no better than break even, say the directors of **Turnbull Scott Shipping Co.**

At the halfway stage to July 31, 1978, trading profits were £478,000 against £203,000. The trading profit for the whole of last year was £563,000.

In their interim report the directors say rates for large bulk carriers have improved slightly, but this has not extended to smaller ships.

Profit for the half year was reduced by depreciation, interest payable and the share of the loss of Park Steamships to an after tax loss of £411,000 (£264,000 loss).

The directors say that they hope negotiations for deferment of capital repayments to the banks with whom the company has raised ships' loans will soon be satisfactorily concluded.

Since the beginning of the year m.v. Stainless Duke has been sold by Whitehall Shipping Company and m.v. Bona Fe by Park Steamships. These two sales were completed very shortly after the end of the half-year period but they have been included in the results.

The surplus from the sales after tax, less adjustments for the acquisition of the new subsidiaries, converts the after tax loss to £4,000 profit, against a £106,000 loss.

The board says that in addition to the acquisition of the remaining shares of Whitehall Shipping Company, the 34 per cent of Park Steamships not owned by the company has been acquired for a nominal payment.

The interim dividend is held at 4p. Last year's total was 8p.

Stated loss per £1 share before extraordinary items is 41.3p (26.5p).

The current financial year has been extended to March 31, 1979, which will be the year-end for the group in future.

KIMPHER

THE ACCOUNTS for the year to August 31, 1978 wil not be ready for Kimpher's annual meeting on December 28. The Board intends to present them at an extraordinary meeting early next year when the audited accounts are ready.

Meccano still troubles Airfix

FOR THE half-year ended September 30, 1978, profits before tax of Airfix Industries fell from £1.11m to £848,000 on turnover of £22.3m against £18.57m in the same period last year.

The failure of Meccano to achieve its budgeted improvement has caused the board to lower its expectations for the current year and against a substantial recovery forecast in July, the directors now expect results for 1978-79 to be slightly ahead of the previous year's £2m pre-tax.

With the exception of Meccano, group companies are trading satisfactorily, the directors say.

Due to the continual change in the structure of the group's business and the receipt of attributable temporary employment subsidy in 1977, the interim figures are not comparable.

The net interim dividend is 1.3719p compared with 1.2286p. The total last year was 3.2221p.

After tax of £380,000 (£698,000) and minorities, £214,000 (£213,000) profits are £254,000 against £203,000 before extraordinary credits of £36,000. Last year £437,000 was credited as temporary employment subsidy.

● comment

Airfix has turned in an unhappy set of figures, with first half profits showing a 45 per cent downturn at the pre-tax level. The problem is confined entirely to Meccano because elsewhere trading is showing a steady build-up to the important Christmas period. After stripping out Meccano interim profits are a tenth lower only because of a slight change in seasonal emphasis. At Meccano it is difficult to see much of an improvement this year. Morale is low after last year's redundancies and the company reports a high level of absenteeism which has hit production schedules In addition, there is no Temporary Employment Subsidy this year to help offset the losses. Airfix says it is committed to getting Meccano right but clearly there must be a level beyond which the company has to call a halt. Losses could total another £1.8m this year and the opportunity to sell this expensive subsidiary would be welcomed with open arms. Elsewhere, toy sales are responding to the upturn in consumer spending and the general plastics division is making progress. At this early stage around £2.7m pre-tax looks possible for the year, against £2.69m last time. The shares fell 4p to 45p, giving a fully-taxed p/e of 10.9 while the yield on a maximum dividend payout is a solid 12.1 per cent.

Leeds Dyers ahead after second half increase

FOLLOWING A slight downturn from £509,625 to £501,313 at midterm, pre-tax profits of Leeds and District Dyers and Finishers improved in the second half to finish the September 30, 1978, year ahead from £1,007,874 to £1,102,026, on turnover of £8.03m against £7.35m.

The directors say the rebuilding and re-equipment at Scott and Rhodes following the fire in November, 1977, will continue throughout next year and the inevitable disruption of production will lead to lower profits at this branch.

Other divisions continue to trade satisfactorily despite persistent difficult conditions, they add.

Stated earnings rose from 9.2p to 10.1p per 25p share and a final dividend of 1.139p net, lifts the total payment from an equivalent 1.5925p to 1.089p, costing £84,013 (£78,450).

After tax of £580,314 (£528,786) net profits were higher at £521,712 compared with £479,038, before an extraordinary credit of £535,839 this time.

Midterm improvement for Sumrie

AN ADVANCE in pre-tax profits from £53,000 to £72,000 is reported by Sumrie Clothes for the 26 weeks to September 30, 1978 Turnover rose 17 per cent to £2.28m and this increase has been held to date.

Following a recent production re-organisation, the company has capacity to increase output, the directors report.

Providing the present level of activity in the quality menswear sector continues, and the company develops its share of this market, they see no reason whey these higher turnover levels should not be maintained in the second half.

Profits were after low interest charges of £10,000 (£17,000), but subject to tax of £39,000 (£29,000) giving a net balance up from £24,000 to £33,000.

Again no interim dividend is payable—the previous year's net final of 1.5p was paid from £189,000 taxable profits.

Broadly based G. H. Downing confident on second half

FOR THE six months to September 30, 1978 G. H. Downing and Co. reports an increase in pre-tax profits from £0.9m to £1.05m. Although prospects for the construction industry at home are still uncertain, the company's broad base leads Mr. D S Hartley, chairman, to look forward to the second half with confidence. Profit for the last full year totalled £1.7m.

In the first half trading improved in all divisions except the building sector. There was also a sharp rise in export earnings with the value of goods exported by the group increasing from £0.76m to £1.03m

With no UK tax because of capital allowances the charges were reduced from £290,000 to £100,000 Earnings per 30p share, after adjustment for the recent one-for-one scrip issue, are shown to have risen from 10.1p to 13.75p.

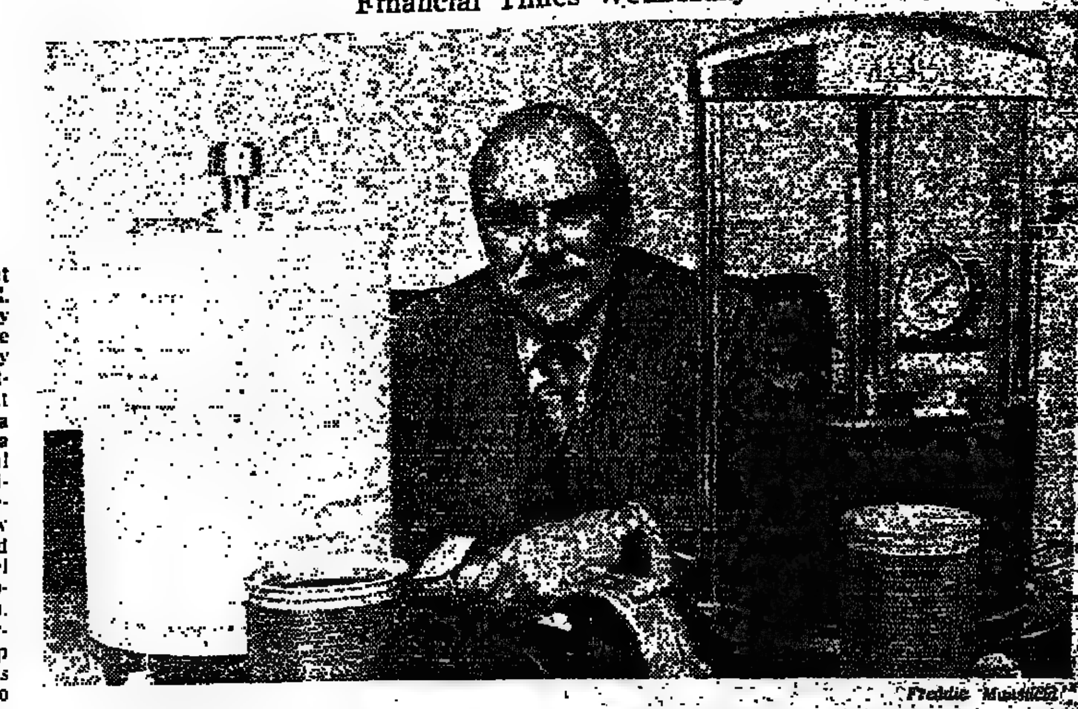
	Six months 1978 £000	1977 £000
Turnover	8,920	8,000
Building products	[illegible]	3,450
Refractories	1,729	1,250
Electrical goods etc.	685	650
Dutch companies	935	660
Depreciation	260	240
Pre-tax profit	1,050	900
Building products	555	560
Refractories	170	90
Electrical goods, etc	120	90
Dutch companies	205	140
Tax	*100	290
Net profit	950	610

* Overseas only.

During the six months the building division was affected by disruption due to expansion of the facing brick factory at Chesterton but full production is expected to resume before the end of the current financial year. The setback in the building sector was more than compensated for by the near doubling of trading profits from the group's Refractories division which amounted to £170,000 against £90,000 last year.

The electrical division increased its contribution to the group with trading profits 33 per cent higher at £120,000. The group's Dutch subsidiaries also turned in a better performance with trading profits well up at £205,000 against £140,000.

The group's interests lie in the manufacture of clay products, refractories and road aggregates, and in electrical power engineering.



MR. NIGEL BENNETT, chairman of Tecalemit, photographed with a range of pharmaceutical, chemical, aircraft, military and ground vehicle filters.

Tecalemit advances 23% to over £2m at six months

WITH TURNOVER ahead 20 per cent to £18.85m, taxable profits of Tecalemit advanced 23 per cent from £1.68m to £2.07m for the six months to October 6, 1978.

Mr. N. J. Bennett, the chairman, expects full-year profits will be higher than in 1977-78, when a record £3.7m pre-tax was achieved.

Throughout the half year all operating divisions continued to trade profitably with turnover consisting of 63 per cent home sales and the remainder exports from, and turnover arising outside, the UK.

The group's activities comprise fluid transfer and filtration, lubrication systems, garage equipment, and combustion engineering.

Following last July's rights issue, the Treasury has consented to an increase in the dividend total for the clurrent year from 3.6503p to 5.5576p net, and accordingly the interim dividend is lifted to 2.7788p (1.8265p) per 25p share on increased capital.

In October, the group received the French Government's consent to the purchase of a 70 per cent interest in Fogautolube SA. No results from this acquisition are included in the half-yearly figures, and after paying associated interest charges, the contribution in the second half is unlikely to be significant in relation to the results as a whole.

The six months' result was after reduced interest of £42,000 (£92,000), but subject to tax of £1.11m (£0.9m), leaving net profits up from £0.78 mto £0.96m. The interim dividend absorbs £0.31m (£0.17m).

Full provision has been made for deferred tax—if SSAP 15 were adopted, the directors estimate the tax charge would be reduced by £0.28m (£0.43m).

The chairman warns that it is difficult to assess the extent to which the second half may be affected by current industrial and economic uncertainties." The usual provisos perhaps apply even more than usual," he says.

● comment

Tecalemit's 23 per cent interim profits increase follows three years of extremely rapid expansion which has seen margins more than double. So with the caution over second half prospects a question mark perhaps surrounds future growth. However, although most of the less profitable products have already been discontinued, the company's underlying markets still seem secure. Leading the way this time is the garage equipment side which has benefited from the high demand for headlight beam and brake testers ahead of the June 1979 Government deadline. Filters and tubes have recently felt the cold draught of industrial trouble at Ford but replacement business has partly made up for this. Meanwhile, burners have also done well on both the industrial and domestic fronts thanks to the trend away from oil to gas and from coke to oil. Chassis lubrication is the only division where profits are down largely due to the depressed state of the UK machine tool sector. Fogautolube is apparently unlikely to contribute to the current year but overall profits of £4.25m would put the shares at 141p on a prospective P/E of 7.5 and a yield of six per cent.

Parkland Textile advances

FURTHER GROWTH is shown by Parkland Textile (Holdings) with profit for the half year to September 1, 1978, ahead from £1,014,000 to £1,156,000 before tax—£73,000 lower at £290,000.

Sales by the group, which manufactures worsted cloths, woollen and worsted yarns, and menswear, were up at £14.95m against £13.83m.

In July, after reporting on 1977-78, when profit climbed to a record £2.31m (£1.81m), the directors were optimistic that the company would continue to prosper in the current year.

The net interim dividend is raised to 1.59125p (1.36125p) and a 0.0275p final is to be paid for last year bringing the total to 3.45125p. A one-for-ten scrip issue of "A" ordinary shares to ordinary and "A" ordinary holders is also proposed.

Transparent Paper hit by disputes

POOR MARKET conditions and pay disputes brought down Transparent Paper's pre-tax profits from £510,000 to £311,000 in the half year to September 30, 1978. But the directors say prospects for the remainder of the year are more favourable. Pre-tax profits for 1978 were £1.15m.

The proposed interim dividend is raised from 1.68p net to 1.879p. Last year's total was 4.935p. Stated earnings per 25p share are down from 3.77p to 1.99p.

Turnover for the half year was up slightly from £11.11m to £12.46m. Tax deferred by capital allowances was £162,000 (£265,000) and earnings after tax £149,000 (£245,000).

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Airfix	int.	1.37	Feb. 1	1.23	—	3.22
Brady Inds.	int.	Nil	—	1.75	—	[illegible]
John Carr (Doncaster)		0.72	Jan. 19	0.615*	1.05	0.915*
Comet Radio		2.3	Feb. 9	1.27*	3.61	2.34*
Eng. & Overseas Inv.	int.	0.39	Feb. 19	0.35	—	[illegible]
Fine Art	int.	0.9	Jan. 18	0.8	—	1.98
Hicking Pentecost	int.	2.8	April 2	2.34	—	7.2
Leeds & District Dyers		1.14	—	1.01*	1.89	1.59*
Parkland Textile	int.	1.59	Jan. 19	1.36	—	3.45
Renwick	int.	1	Feb. 5	Nil	—	[illegible]
Stockholders Tst.		1.35	Jan. 11	1.25	2.35	2.05
Tecalemit	int.	2.78†	Jan. 5	1.83	—	3.65
Transparent Paper	int.	1.88	Jan. 5	1.68	—	4.94

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Includes 0.0275p final for 1977/78.

ISSUE NEWS

M.L. Hldgs. forecasts 39% dividend boost

Engineering group, ML Holdings, is proposing to raise £703,500 from its shareholders by a rights issue.

The terms of the offer are three-for-ten at a price of 125p each compared with a market price which closed 5p higher at 180p yesterday.

The directors say that although trading is satisfactory they expect that turnover will not increase significantly in the current year and though it is too early to give a forecast they anticiate that it will be a year of consolidating on past achievements.

They are anticipating a big increase in the dividend. In the year ending next March 31 they expect to pay a total of 6p per share — an increase of 39 per cent.

The directors of ML say that in the last five years turnover of the group has more than doubled and the company has incurred substantial capital expenditure. That expenditure has amounted to some £2.3m after Government grants, and this plus increased working capital requirements have been met out of the company's own resources.

ML is anticiating a continued increase in its activities over the next three years. Although much of the activity of ML Aviation and ML Engineering is financed by progress payments, increased pressures will develop on working capital.

The issue has been underwritten by Charterhouse Japhet. Brokers to the issue are Sheppards and Chase.

The estimated annual gross yield will be 12 per cent and income will be paid free of tax to anyone living outside Jersey. Income will be paid quarterly.

Yearlings up

The coupon rate on this week's local authority yearling bonds is up from 11½ per cent to 11¾ per cent. The bonds are dated December 5, 1979 at par.

This week's issues are, Newark District Council (£1m), Redditch District Council (£½m), London Borough of Enfield (£1m), Receiver for the Metropolitan Police District (£½m), City of Salford (£½m), Wansbeck District Council (£½m), London Borough of Lambeth (£½m), North Hertfordshire District Council (£½m), Rhondda Borough Council (£1m), Bury Metropolitan Borough Council (£½m), London Borough of Barnet (£1m), City of Newcastle-upon-Tyne (£½m), Borough of Sunderland (£1m), London Borough of Bexley (£1m).

Kilmarnock and London District Council has raised £½m of 12¼ per cent bonds dated November 26, 1980 at par.

Low-key launch for Lloyds offshore fund

Lloyds Bank yesterday launched a new offshore fund specialising in gilts

The fund, which is not a unit trust but will be run on similar lines, is aimed mainly at expatriates, but it will also appeal to pensioners and others on low incomes at home who do not pay tax.

The fund, a limited company which will issue and redeem participating redeemable preference shares, is based in Jersey It is being managed by the Channel Islands arm of Lloyds Bank Unit Trust Managers.

Lloyds has decided to make the launch so low-key that it will not even display leaflets promoting the trust in its branches. The bank's legal advisers have warned that any attempt at marketing in this country would contravene legislation on offshore funds. Lloyds is confining its selling effort simply to circularising its branch managers, who will be briefed to discuss it when asked for investment advice.

Lloyd's management charge will represent 1¼ per cent of the purchase price for investments up to £20,000 and a slightly smaller percentage for larger amounts. The minimum investment will be 100 units at £10 each.

Travel aids Renwick to 39% growth midway

WITH RECORD results from its travel division, pre-tax earnings of Renwick Group advanced by 39 per cent from £696,000 to £967,900 in the first six months to September 30, 1978, and Mr. C. W. Wilton, the chairman, expects a satisfactory outcome for the full year.

Full-time profit for 1977-78 of the Paignton-based freight, travel, boatbuilding and garages group was a record £1.04m.

The net interim dividend is 1p per 25p ordinary share. There was no interim last year, but a final dividend of 1p was paid.

Excluding the 50 per cent-owned Western Fuel Company, group turnover rose by 24 per cent from £22.51m to £29.06m in the first half.

After tax £157,000 higher at £242,000, net profit improved to £725,000 against £611,000.

Trading of Western Fuel has reverted to the seasonal pattern seen before 1977 and, although sales have been well sustained, traditionally the profit contribution in the first half is small.

However, this company holds adequate stocks and is well placed to take advantage of the continuing market in solid fuel. Subject to weather conditions, trading results here should be reasonable for the year, but they are unlikely to reach the record level of last year, Mr. Wilton states.

Although order books of boat building companies are not quite so full this year, Marine Projects has maintained its substantial contribution to group profit. A further 3 per cent of the outstanding minority interest in this company has been acquired, raising Renwick's holding to 94 per cent.

New models of motor caravans and buses developed by Devon Conversions last year have sold well, producing satisfactory profits, and there has been a marked improvement in the performance of the group's garages.

In the freight division, where difficulties were a major cause of the setback in the group's performance in 1975 and 1976, the business of Walter M. Hatton has been sold subject to contract. Other areas have been reorganised, following disposal of the international businesses referred to in the last annual report.

In addition a new management team has been established under a new divisional chief executive.

It is too soon to be sure of an early return to consistent profitability but losses in the continuing division for the six months are considerably less than last year, the chairman says.

	Half-year 1978 £000	1977 £000
Turnover*	29,063	[illegible]
Trading profit	1,571	1,177
Depreciation	307	291
Western Fuel†	2	115
Net interest	299	[illegible]
Pre-tax profit	967	696
Tax	242	85
Net profit	725	611
Extraordinary charges	—	20
To minorities	34	63
Available	691	528

* Excluding Western Fuel Company † 50 per cent owned

During this current year, the 50 per cent interest in Ridham Freight Services has also been sold.

A steady improvement in gearing and a reduction in net current liabilities of the group is continuing.

The results for last year's first half have been restated due to a change in year end of the travel division and adoption of the new accounting policy for deferred tax. The first six months now include the actual profits of the travel division for this period, the main earning season for its activities, rather than half of the full-year estimate as previously.

● comment

Renwick's improvement during 1977-78 has continued into the current year, with first-half profits showing a 39 per cent rise over restated figures. The results also reflect a much healthier looking balance sheet with borrowings down to around 80 per cent of shareholders' funds, compared with a figure of 200 per cent a year ago. The major problem area continues to be in the freight division where losses amounted to £0.1m. However this is an improvement over last year's disastrous second-half and Renwick is confident that management changes and the disposal of a number of loss-makers will lead to a break-even position at the year-end. Meanwhile, the manufacturing division's profits jumped by a fifth to £0.9m pre-interest, mainly as a result of the success of a new range of Devon motor caravans and small buses, while the boom in holidays boosted the travel division's profits by a quarter to £0.5m. Elsewhere, continuing market penetration by VW and Chrysler products led to an increase in the motor division from £0.15m to £0.25m. The company is being cautious over Western Fuel's performance but much will depend on the weather conditions in the second half. Overall about £1.5m should be possible for the full year—a 50 per cent increase. At this level the shares, at 46p, are on a prospective p/e of 5.3 (fully taxed) while the yield, assuming a 1.5p net final dividend, is 8.3 per cent.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims:—BPB Industries, Brickhouse Dudley, Daily Mail and General Trust, J. Dykes, B. Elliott, Jacksons Bourne End, Johnson Matthey, M & G Second Dual Trust, Ocean Wilsons, Routledge and Kegan Paul, Walls Fashion, Westbrook Products, Wheway Watson.

Finals:—Avon Rubber, Dundee and London Investment Trust, Muirhead.

FUTURE DATES

Interims:—

Arlington Motor	Dec. 7
British Tar Products	Dec. 7
Imperial Continental Gas	Dec 12
Pitman	Dec. 7
Finals:—	
Keystone Investment	Dec. 7
Saatchi and Saatchi	Dec. 12

Fine Art up to £1.2m so far

WITH TURNOVER for the six months to September 30, 1978 showing a £3.24m improvement at £20.49m, pre-tax profit of Fine Art Developments, greeting card publisher, etc., rose from £1.15m to £1.23m.

The directors report that sales growth has continued into the second half but performance has been affected by stock shortages and by a warehouse fire at the beginning of September. In spite of this, profits for the year should better last year's record £4.72m.

First-half earnings are shown to have risen from 1.227p to 1.312p per 5p share and the net interim dividend is stepped up from 0.8p to 0.9p. Last year's total payment was 1.8348p.

	Half-year 1978 £	1977 £
Sales	20,494,000	17,250,000
Trading profit	[illegible]	1,451,000
Investment income	25,000	—
Interest charges	359,000	300,000
Profit before tax	1,231,000	1,151,000
Tax	[illegible]	[illegible]
Net profit	601,000	564,000
Minority profit	—	2,000
Available	601,000	562,000
Interim dividends	412,296	[illegible]
Retained	[illegible]	195,704

● comment

Fine Art Developments is on the way to another record annual profit but, with its mail order margins being squeezed, the rate of growth is likely to fall well short of the 30 per cent jump recorded in 1977-78. Sales rose by 18.8 per cent but volume was only slightly ahead of last year. Margins fell from 6.7 per cent a year ago to 6 per cent during the latest six months. The company is in the low-priced sector of the mail order market with an average order size of around £15 and processing costs per order are higher than those incurred by the bigger members of the industry. On the card side, the industry is gearing itself for another bumper year. Postal charges have been steady in the past 12 months and, given higher consumer spending some impact should be seen in Christmas cards. The shares closed 2½p lower at 39½p giving a prospective yield of 3.1 per cent.

Amber Day on target

At the AGM of Amber Day Holdings, Mr. Ronald Metzger, chairman, stated that trading for the first six months of the year was in accordance with budgets. The menswear division had plans to open a number of units next year, and a trial project with the British Shoe Corporation to open shops-within-shops in their major stores was producing encouraging results.

At the EGM held following the AGM the resolutions approving the acquisition of Crombey Menswear Group and the increase of the company's authorized share capital were approved.

John Carr ahead to £2.67m

PRE-TAX profits of John Carr (Doncaster), joinery and timber merchant, went up from £2.52m to £2.67m in the year to September 30, 1978. The directors say the current year has started satisfactorily.

At the half-way stage the group was ahead from £1.26m to £1.28m. The Board then said the second half results for 1978 could well be distorted because of heavy capital spending on new projects and extensions.

A final dividend of 0.717p net is proposed, effectively raising the total from 0.915p to 1.047p. Earnings per share are shown up from 8.47p to 8.96p per 25p share and net assets ahead from 48.17p to 56.54p.

Turnover for the year is £18.32m, against £16.11m. Tax takes £691,000 (£1.1m).

Brady passes interim

Despite turnover rising from £3.6m to £5.4m, pre-tax profits of Brady Industries, shutter, door, grille and liftmaker, fell from £60,000 to £4,000 in the half year to September 30, 1978.

After tax of £2,000 (£31,000) the net profit emerges at £2,000 (£29,000).

Earnings per 25p share are given at nil (0.7p) and there is no interim dividend compared with 1.75p net. Last year's total payment was 3.3p from profits of £13,000.

More efficient Hicking well ahead after first six months

IMPROVED EFFICIENCY as a result of changes made in organisation and new machinery installed, enabled Hicking Pentecost and Co., textile manufacturer and commission dyer, to increase pre-tax profits from £216,202 to £380,427 in the six months to September 30, 1978.

The directors expect a satisfactory second half but in view of the exceptional improvement in profits in the second half of last year, when a figure of £384,211 was returned, it is unlikely that the group can repeat a similar level of growth this time.

Turnover in the first half advanced from £4.38m to £5.12m and tax on an ED19 basis took £49,960 compared with £38,711.

Stated earnings per 50p share are 12.99p (6.96p) and the net interim dividend is raised from 2.3554p to 2.8p—the final payment last year was 4.8643p.

The knitwear division maintained production in all its units at full capacity throughout the six months and again improved its profits.

Dyeing division results were much improved on those achieved for the same period last year and the warp knit division has also experienced better trading conditions which have resulted in an improved contribution to profits.

On the forward position the knitwear division has a satisfactory order book and modern machinery is being installed by all three divisions, which will increase their capacity and improve their efficiency. Further streamlining of production activities within the dyeing division is taking place with the aim of improving quality, efficiency and service to customers.

Good start for Moss Engineering

The current year has started well at Moss Engineering Group and should again bring in record sales, says Mr. Ernest Cars, chairman.

Final margins remain, however, extremely difficult to assess but it is reasonable to anticipate growing results from the group's export efforts without a repeat of last year's expense levels, he adds.

Mr. Cars states that breaking into new markets is expensive but says that the directors are attempting to create firm business for future years irrespective of the vicissitude of the home market.

At several subsidiaries the success rate in tendering is good, some less so, but all continue to improve. The directors therefore remain confident of eventual success in the chosen sectors.

As reported on November 4, pre-tax profits for the year to August 31, 1978, fell from £821,140 to £503,793.

Britannic Assurance Co holds 10.85 per cent of the company and M and G Group 5.92 per cent.

A statement of source and application of funds shows a £151,306 decrease (£271,948 increase) in working capital.

Meeting, Lichfield, December 21, 2 pm.

AGB RESEARCH

The "Week's Financial Diary" on Monday and the "Today's Events" feature in yesterday's issue were in error regarding the company meeting date for AGB Research which held its meeting several weeks ago.

Allied Medical launches dental insurance

A NEW medical insurance policy, believed to be the first of its kind to provide comprehensive cover for dental treatment, has been launched by Allied Medical Assurance. The contract, AMA Dental Care, has been developed in conjunction with the British Dental Association to meet the needs of individuals using private dental treatment facilities.

This use of private treatment has been growing in the past few years—at present about 11 per cent of practising dentists in the UK operate private practices.

The policy lays down a comprehensive scale of maximum benefits payable ranging from scaling and polishing, filling, root treatment, crowning and bridging and cost of dentures to periodontal and oral surgery. For example, a single surface filling using amalgam pays a maximum benefit of £4 per tooth, and the benefit for a denture that is partial metal based would be £95 per denture.

However, to stop any abuse of the contract, the benefit claimed would be subject to a 25 per cent deduction unless the treatment is required as the result of trauma. Thus the deduction would apply if the dental treatment is for cosmetic purposes, but no deduction would be made if the treatment was needed because of accident. The maximum benefit that can be claimed in any one year is £500, subject to deduction.

No contract will be issued until the satisfactory completion of a dental health form, showing the individual is not in need of immediate dental treatment.

The annual premium for the contract is £50 per person (£26.25 half-yearly) and it is only available on individual lives. There is no family contract, and it is not available for children. The minimum age is 18 and the maximum for new entrants is 60. However, existing policyholders can renew their contracts beyond this age to death. AMA intend to introduce a company dental insurance policy shortly.

The benefit scales and premiums will be under constant review, but upratings are likely to be made every two years. The contract is underwritten at Lloyd's.

Allied Medical Services was formed in 1974 as a subsidiary to Allied Investments. Following the latter's takeover by the National Enterprise Board, AMA was acquired by Mr. John Green, one of its senior executives and he is now the sole owner of the company. It offers a comprehensive range of medical insurance schemes and has 15,000 subscribers—90 per cent through company schemes.

BIDS AND DEALS

Brentnall Beard shares jump on bid talks

AN UNNAMED group is in discussion with Lloyd's insurance broker **Brentnall Beard** which could lead to an offer for the whole of Brentnall's share capital. On the stock market Brentnall's shares jumped 12p to 50p but eased back to 48p at the close, which valued the group at £3.7m.

Hogg Robinson, another insurance broker, holds 5 per cent of Brentnall's shares but yesterday denied that it was bidding for the group.

Mr. Stanley Elsbury, Brentnall Beard's chairman, said yesterday that he could make no comment, and would give no indication when an announcement would be made.

Lloyd's of London said that any bid for Brentnall was unlikely to affect its internal inquiry into the group's affairs, which has been in progress since the summer. The inquiry was likely to continue, said a Lloyd's official.

KIEN HUAT MOVE ON H&C STAKE

Kien Huat Realty has made a move to prevent its stake in **Harrisons and Crosfield**, the plantation, timber and chemicals group, being diluted.

On November 24, Kien Huat's associate, Genting Bhd, spent £960,000 on buying 1,476,000 shares of Sabah Timber, the subsidiary of H and C where H and C is currently seeking to acquire the 40 per cent minority which it does not already own. Assuming the bid for Sabah goes through, this means Kien Huat's stake of about 11 per cent in H and C will be maintained.

DAVID BROCKDORFF ACQUIRED FROM RECEIVERS

Brett Publications has acquired from the joint receivers of **David Brockdorff** the assets of that company located at Pinnacles and Burnt Hill, Harlow, Essex. These assets consist of web-offset printing and ancillary facilities and a well-equipped binding and finishing plant.

Brett will shortly be changing its name to reflect more clearly its business as web-offset printers and will be moving its administrative headquarters to Harlow.

PLANTATION UNCONDITIONAL

The offer on behalf of **Multi-Purpose Holdings Berhad** for **Plantation Holdings** shares not already owned has been accepted in respect of 803,981 shares (1.95%). The offer is therefore unconditional as to acceptances.

It is still conditional on no reference to the Monopolies Commission and admission to the official list by the Stock Exchange of the ordinary shares comprised in the share incentive schemes in respect of which the offer is accepted.

It is understood that the directors of PH will be writing to PH shareholders within the next few days in connection with the offer. Shareholders are strongly advised to take no action meantime. Before the offer was announced MPHB and the Malaysian Multi-Purpose Co-Operative Society Berhad—which is acting in concert with MPHB—together already owned 20,149,998 PH shares (49.78 per cent).

APPROACH TO LIDSTONE

A bid may be on the way for **Lidstone** the butcher's chain with 13 shops.

The company said yesterday that it had received an approach which might lead to an offer being made. Earlier this month Lidstone's shares were changing hands at around 95p each—valuing the company at around £175,000.

STAG/MEREDEW

STAG FURNITURE in an explanatory document outlining details of its £1½m purchase of **Meredew Furniture** says that all of its operating companies are working to capacity and trading conditions have remained satisfactory since its first half figures published on September 21. Meredew was formerly part of the Bond Worth carpet group which went into Receivership more than a year ago.

NO PROBE

The proposed merger between **Benjamin Priest and Sons (Holdings)** and **Warne Wright and Rowland** is not to be referred to the Monopolies Commission.

Expansion plans at Yarrow

FOLLOWING THE nationalisation of its shipbuilding side, the directors of **Yarrow & Co.** have been exploring a number of opportunities for the profitable investment of the group's resources and are negotiating for the purchase of an unquoted engineering company for around £2.75m.

Sir Eric Yarrow, the chairman, says in his annual statement that as indicated a year ago, the development of the group must to some extent be deepndent on the amount received as compensation for the nationalisation of Yarrow (Shipbuilders).

He says the directors will continue to examine opportunities for acquiring suitable businesses in fields relating to the expertise and operation of Y-ARD. In the meantime, surplus funds are maintained in a portfolio of selected investments.

When the amount of compensation is known, the directors intend to formulate proposals for the use of such monies.

Sir Eric states it is premature to make any firm commitments, since any such plans will be dependent upon the amount of compensation actually received and also by economic and fiscal circumstances at that time.

As reported November 7, pre-tax profits fell from £1.81m to £1.4m for the year to June 30, 1978, including £0.14m interest on the Treasury stock already received on account of compensation, although the full amount due cannot be quantified until a final settlement is reached.

At the balance date, group fixed assets were £0.91m (£0.56m), investments, £9.95m (£6.96m), and interest in former subsidiaries now nationalised, £0.33m (£1.77m). Net current assets dropped from £3.17m to £1.02m.

Net liquid funds decreased by £1.46m, compared with an £80,602 fall last time.

Meeting, Glasgow, December 21, 3 pm.

GROVEBELL SELLS PROPERTY

Grovebell Group announces that a wholly owned subsidiary, Grovebell Limited, a property investment company has exchanged contracts for the sale of its only property. This comprises an industrial estate at Wrecclesham, near Farnham, Surrey.

In the light of the present economic climate the Board considered that the sale was in the interest of the group and shareholders.

The consideration is £480,000 payable in cash on December 20. The asset is shown in the books of Grovebell Limited, at approximately £363,000 and in 1976-77 contributed £8,000 to group profits.

The net proceeds will be used to reduce the group borrowings.

TERN-CONSULATE

Tern-Consulate announces that following an EGM on November 27 at which the authorised capital was increased to £825,000, notice has been received from ICFC that it intends to exercise its option to subscribe at par (25p) for 160,000 ordinary shares in the company.

In addition, ICFC is to subscribe for 80,000 new ordinary shares, to which it is entitled under the recently announced rights issue, at 62p per share.

MR. LACEY BUYS INTO NATIONAL CARBONISING

Mr. Graham Ferguson Lacey, at the centre of a controversy over McNeill Group which is now in receivership, yesterday announced the purchase of an 8.92 per cent stake in **National Carbonising** through his **Birmingham and Midlands Counties Trust**.

National's shares rose 4p to 49p yesterday.

Like McNeill, National Carbonising is loss making. In the year to March pre-tax losses of £266,000 were translated below the line by the £922,000 received from the sale of part of National's stake in London and Scottish Marine Oil. In the half year to September, however, pre-tax losses were £90,000 despite a £137,000 windfall from the sale of shares in Ranger Oil of Canada.

Mr. Ferguson Lacey said yesterday that he had no intention of bidding for National. "It is BMCT's policy to build up investment stakes to around 25 per cent," he said. "In this case we are thinking of about 20 per cent."

PEERAGE SHARES SUSPENDED

Further developments from the bid talks for **Peerage of Birmingham** appear likely to be revealed following a four-month gap since the company announced that negotiations were taking place.

Yesterday Peerage, a brass foundry company, asked for its share price to be suspended pending an announcement.

Earlier the company's share price had jumped 11p to 54p—valuing Peerage at around £1.8m—on market rumours that an offer was about to be made. Following the announcement of the bid talks Peerage's share price had risen to its peak for the year of 70p.

In the first six months of the current year Peerage's pre-tax profits fell from £248,000 to £126,000 and the company warned that profits for the year would be significantly lower than the £352,000 earned in 1977. Peerage said that problems had arisen following an expansion of the foundry, but that general trading was good and a return to normal profitability was expected in 1979.

HOSKINS AND HORTON LAND SALE

Hoskins and Horton has disposed of some 75 acres of freehold land previously held for the extraction of minerals for £240,000 cash, payable as to £140,000 on completion of the contract which took place on November 20 and the balance in January, 1979. This land was owned by London Fields Colliery Company, a wholly owned subsidiary. The book value of the assets disposed of was £20,481.

OIL AND GAS NEWS

BHP reports seven metre oil zone at Fortescue No. 2 well

RESULTS OF testing at the Fortescue No. 2 well in the Bass Strait indicate the existence of a seven-metre oil zones, according to **Broken Hill Proprietary**.

The well also confirms the southern extension of the Fortescue Field, recently discovered by the **BHP/Esso Exploration and Production Australia** partnership.

However, more drilling is necessary before the size of the field can be evaluated. The well was drilled to a total depth of 2,652 metres and testing was carried out at 2,446.5 and 2,450 metres.

Fortescue No. 2, which has been plugged, is located in Victoria/Licence 5 offshore the Gippsland Basin and is 3.8 km south-south-west of the West Halibut 1 well which established the existence of the field late in September.

The depth of the oil sands is not considered substantial although the well could well have been drilled on the edge of the field.

* * *

The coming onstream of the Tapis and Pulai oilfields off the east coast of peninsular Malaysia is expected to lift Malaysian production of crude oil to 229,000 barrels a day this year compared with 183,300 last year.

Production of crude oil next year is forecast to reach 304,000 barrels a day as additional oilfields come onstream. The figures were revealed by Mr. Leslie Eu, a member of the Board of the Port Klang Authority in a speech prepared for the Sea Trade conference held in Hong Kong.

Crude oil and partly refined petroleum exports are forecast to grow to 13.2m tonnes next year from a forecast 9.6m this year and compared with 7.8m last year, with Japan and the U.S. the main buyers, Mr. Eu added.

Based on tankers of 80,000 dwt tonnes, there will be sufficient crude oil trade for the employment of five tankers on the Malaysia/Japan run and six on the Malaysia/U.S. west coast run during 1980-81.

* * *

Esso Resources Canada, a unit of **Imperial Oil**, will commence exploratory drilling off the Newfoundland coast next April, subject to Provincial and Federal Government approval.

The first well will be drilled by a semi-submersible vessel in the Flemish Pass area, about 470km east of St. John's, in 3,700 ft of water. Drilling will be suspended in early July so the rig can be moved to a second location in the Davis Strait.

The second location, where drilling should start by mid-July, is in 2,800 ft of water and is 250km east of Brevoort Island off the coast of Baffin Island.

MINING NEWS

Gold Fields is confident

BY KENNETH MARSTON, MINING EDITOR

CONFIDENCE IN "another very very satisfactory year's results" for Consolidated Gold Fields in 1978-79 was again expressed by the chairman, Lord Erroll of Hale at yesterday's annual meeting in London. He reiterated his earlier comment that the current financial year to June 30 has started promisingly and said that the group was now seeing the benefits of its overall long-term strategy.

Pointing out that the price of Gold Fields shares was substantially less than their asset value Lord Erroll said that the group was constantly examining any ideas which could improve its market rating "and thus, the value of the shareholders' investment." The prime target, he added, was to achieve a high and sustainable growth in earnings per share.

LORD ERROLL

Despite its diversification, the group is still largely dependent on gold for its revenue via the 46 per cent stake in Gold Fields of South Africa. The chairman said that despite the recent erratic movements in the bullion price, "we look forward with confidence to a continuing substantial dividend income from our gold mining investments."

On the subject of the group's ill-fated Wheal Jane tin mine in Cornwall, Lord Erroll said only that it was the group's present intention to sell the mine—for an undisclosed sum believed to be under £2m—to Mr. Robert Sprinkel whose negotiations with Government and bankers are still in progress. Gold Fields were 174p yesterday.

SATELLITE USED IN SEARCH FOR URANIUM

Drilling has started on a uranium prospect owned by a joint venture led by Power Reactor and Nuclear Fuel Development of Japan. It is using Australian Consolidated Minerals' satellite definition techniques, reports **Don Lipscombe** from Perth.

Command Minerals, itself a participant, stated that at Walling Rock in the Murchison area of Western Australia, a reverse circulation rotary percussion drilling programme has begun to test the first of five uranium anomalies located under the Landsat technique.

A total of 348 holes are being drilled approximately 10-12 metres deep through calcrete on a 300-metre grid spacing.

Equity in the operation is PRNFDC 50 per cent, ACM 26 per cent, Command, West Coast Holdings and **Nickelores** each 8 per cent.

The technique is also being used to explore for diamonds, with the equity breakdown 22.5 per cent each to Command, ACM, Nickelores and West Coast Holdings, and 10 per cent to the Perth-based Rosenthal Jewellery.

Command said that the first stage of an exploration programme in the Fitzroy-Ellendale area of the Kimberley district had resulted in a total of 102 claims being pegged to cover a total of 23 structures outlined by the ACM Landsat technique. They will be tested by a shallow drilling programme as soon as weather conditions permit.

Indians launch copper venture

THE Indian Government has approved the Rs 826m (£60m) copper project at Malanjkhand in the Balaghat district of Madhya Pradesh. The foreign exchange component for import of machinery and consultancy is estimated at Rs 49m, reports **K. K. Sharma** from New Delhi.

The Malanjkhand project will be the first rock mechanised copper mine in India. Total copper ore reserves in the open pit mine are estimated at 52m tonnes. The project involves a concentrator plant with tailings disposal and water recirculation facilities.

There will be capacity to treat 2m tonnes of ore annually and copper concentrate production is likely to be 1m tonnes by 1982-83.

It is proposed to transport concentrates from Malanjkhand to Khetri for treatment in the flash smelter there. The Khetri smelter has a design capacity of 31,000 tonnes of metal annually, based on treatment of 15 per cent concentrates.

Cyprus expands in Yukon

CYPRUS ANVIL MINING, a unit of the **Cyprus Mines** of Los Angeles group will end up as the owner of all the large lead-zinc deposits in the Anvil district of Yukon, where it already operates a big mine and mill, writes **John Soganich** from Toronto.

It has reached agreement in principle with Kerr Addison, the Noranda affiliate, and Canadian Natural Resources to acquire all their property interests near Faro as well as Kerr Addison's 70 per cent stake in Vangorda Mines.

These interests involve 300 mining claims and leases and include the Grum, Vangorda and Swim Lake properties. Lead-zinc deposits of 45m tonnes have been indicated on the properties, a significant portion of which could be mined by opencast methods.

The deals are worth C$13.8m (£6.02m) to Kerr Addison and C$7.0m to Canadian Natural Resources. Cyprus is also to make an offer for the equity in Vangorda not owned by Kerr Addison and this will cost C$9.0m.

But Kerr Addison and Canadian Natural Resources will retain a 5 per cent net profits interest in some of the properties. The agreements are subject to the tendering of at least 90 per cent of the Vangorda shares and the approval of the directors of the various companies involved.

Ranger: no call on EZ shareholders

AUSTRALIA'S **EZ Industries** does not expect to ask shareholders to contribute to the funding of the Ranger uranium project in the Northern Territory, the chairman, Sir Edward Cohen told shareholders at the annual meeting in Melbourne yesterday.

EZ and its partner Peko-Wallsend each have to contribute 13.75 per cent of the capital costs for 25 per cent each of the revenue. The Government body, the Australian Atomic Energy Commission is to put up 72.5 per cent of the capital costs for 50 per cent of the revenue.

The project, which is expected to be in production in 1982, will cost at least A$300m (£178m) which means that EZ will have to find at least A$41.25m. Sir Edward said methods of financing EZ's share were under negotiation.

He added that Australia's future market for uranium lay mainly in the U.S., Japan and Western Europe which offered only limited prospects in the early 1980s because of existing supply contracts. The Board believed that there were good opportunities to sell all Ranger production, and that demand would build up during the 1980s.

Sir Edward agreed that market estimates for uranium had been revised downwards, but predominantly for the short term. Medium and long term prospects still offered the opportunity to sell all Australian output by the 1990s and cumulative demand by the end of the century greatly exceeded presently known low cost reserves.

As with other companies involved in uranium the EZ meeting was again disrupted by anti-uranium demonstrators. Several times during the two-hour meeting protestors heckled Sir Edward. The directors' table was draped with a sign which read "Solar not nuclear."

Sir Edward also received a number of questions on Aboriginal land rights and the recent signing of the agreement with the Northern Land Council for the mining of Ranger. The accounts were only passed after a poll.

Of the group's other interests Sir Edward said that the picture for zinc was looking more favourable. Overall the indicators pointed to a more satisfactory result than 1977-78 for EZ. He disclosed that Esso Exploration and Production Australia, an offshoot of Exxon, had signed an agreement under which it could earn up to 31½ per cent of the Golden Grove copper prospect in Western Australia. The other partners with EZ in this prospect are Amax Exploration and Aztec Exploration.

Preparatory work was continuing for the possible establishment of a mine at the Elura lead-zinc deposit in New South Wales. Final design and construction of a mine had been deferred but an environmental impact study was being prepared for examination. EZ shares were 230p yesterday.

RMP ABANDONS MINING HOPES

In his annual statement with the report of South Africa's **Rand Mines Properties** the chairman, Mr. J. B. Mareet, says that it has been decided that a resumption of underground gold mining operations at the company's old properties would not be economically justifiable.

Tests have been carried out to find a method of profitably reprocessing gold-containing sand dumps. But the tests have not been conclusive and it will not be possible to publish the previously anticipated report on the feasibility of the retreatment process until further experimental work has been done.

Stocklake 'trading profitably'

SINCE THE beginning of the current year trading has continued profitably, says Mr. A. M. McKay, chairman of Stocklake Holdings, in his annual report. He anticipates he will again be able to report satisfactory results next year.

Pre-tax profits for the year to March 31, 1978, fell from a record £1.45m to £1.28m. Mr. McKay says the result was achieved against a background of difficult trading conditions and unstable exchange rates.

The group is particularly sensitive to movements in sterling value against the currencies of the countries in which the group operates. He adds that 42 per cent of turnover arose from exports from the UK, and a further 28 per cent was generated in Africa and Canada.

Of the £173,000 profit reduction, £106,000 is accounted for by the conversion into sterling of the net current assets of the group's overseas operations.

There were also lower contributions from the Canadian operation, and from the associated company, Northern Shipbuilding and Industrial Holdings which produced only £46,000, against £108,000.

Northern's principal operating subsidiary Hall Russell and Company was taken into public ownership in July 1977 since when income from it has consisted mainly of interest on Government stock issued on account of eventual compensation. Talks on compensation are taking place, adds Mr. McKay.

Cornhill Insurance

Cornhill Insurance, a member of the Thomas Tilling Group, has issued a new series of Guaranteed Bonus Bonds offering a yield net of basic rate tax of 9¼ per cent over a five-year period. The bond is a lump sum investment providing guaranteed annual bonuses of 9¼ per cent. These bonuses may be cashed each year, thereby providing guaranteed income or left to accumulate thereby providing guaranteed growth. The original investment, plus any bonuses, would be paid at the end of the period.

The minimum investment is £500 and the upper limit is £50,000 and the bond is available between ages 20 and 80. The high yield reflects the current favourable investment conditions for short- and medium-term fixed interest investment. The company, a leader in this field, warns that the offer could be withdrawn at any time. But this would most likely happen only if interest rates changed appreciably from the present levels.

English & Overseas

Forecasting full-year profits substantially in excess of last year's record £316,000, the directors of **English and Overseas Investments** report an upsurge in pre-tax profits from £147,318 to £252,792 in the first six months to September 30, 1978.

First half turnover rose from £2.3m to £3.49m and profit was struck after depreciation and amortisation of £64,308 (£48,167) and interest payable of £69,564 (£41,510).

It is estimated that no provision for tax in respect of the first half is necessary in view of available allowances, including losses brought forward. The charge for the corresponding period last year was £7,060.

The net interim dividend is increased from 0.35p to 0.39p on stated earnings ahead from 1.36p to 2.46p per 10p share.

British Assets forecasts overseas income boost

DIVIDEND CONTROLS are seriously restricting income growth at British Assets Trust. If the Government is unable to control wage claims even tougher controls may be enacted next year, Mr. J. C. R. Inglis, the chairman, comments.

On the other hand a change of government in 1979 might result in controls lapsing. When they are lifted the directors expect a significant increase in dividends from the trust's UK investments he says.

Even so dividends from its overseas investments should continue to grow and providing that the U.S. dollar does not fall much further the trust's income should rise again in the current year, Mr. Inglis adds.

Since the year-end, dividend control in Canada has lapsed and the dividend from GBC Capital, of which the trust holds 60.43 per cent, has been raised from 6.8 per cent to 30 per cent per share. This will mean an increase of C$377,000 in its dividend from the company.

For the year to the end of September, 1978, British Assets' taxable surplus rose to £4.50m (£3.73m) on total income up £0.73m at £6.24m—as reported on October 27.

Investments totalled £134.11m (£114.93m) and unrealised appreciation amounted to £40.55m (£33.34m). Total assets of £122.4m were distributed, in percentages, as to UK 43.2 (49.2); U.S. 40.5 (36.5); Canada 8.8 (8.2); Europe 4.8 (4.3); South Africa 2.7 (1.8).

There were net current liabilities of £2.95m (£1.25m) with creditors up from £0.62m to £1.87m, and net liquidity was down £1.66m (up £0.94m).

During the year the company completed the sale of its investment property with the sale of 1 and 2 Charlotte Square, Edinburgh, its registered offices, to its managers Ivory and Sime for £0.6m. At September 30, 1977, heritable property stood in the books at £163,000.

Rental income from property is subject to corporation tax and at the yields on which properties are currently valued, property does not represent an attractive area of investment for a growth of income trust, the chairman explains.

Mr. Inglis points out that the low level of the dollar has made U.S. industry very competitive which should result in an improvement in that country's balance of payments and a strengthening of the dollar. The directors, therefore, feel they should continue to maintain a substantial investment in the U.S.

Over the last four years against an 86 per cent rise in retail prices the company has raised dividends by 90 per cent. Last year's total was 2.4p (2p) per 25p share paid, for the first time, as quarterly interims.

Meeting, Edinburgh, on December 21 at 12.30 pm.

SHARE STAKES

Pera-Consulate: Mr. G. W. Taylor, a director, holds 40,000 (2.86 per cent) ordinary shares and Mr. T. J. Glover, a director, holds 6,333 (0.45 per cent) ordinary shares.

Sirdar: Mrs. J. M. Tyrrell, chairman, has disposed of 65,304 ordinary shares.

Alva Investment Trust: Following purchases totalling 25,000 ordinary shares, Cornhill Insurance now holds 189,000 ordinary shares (11.81 per cent).

S. Casket (Holdings): Mrs. S Mackenzie Smith, a director, has sold 20,000 ordinary shares.

Hampson Industries: Mr. T. H Silk and family announce that their net holding of shares in the company have been effectively reduced from 5.04m shares to 4.75m shares as a result of the sale of shares, amounting to approximately 5 per cent of their holding, to meet their personal financial commitments.

Freemans (London SW9): Mr. R. S. Chapman has disposed of his beneficial interest in 75,000 ordinary shares.

Mount Charlotte Investments has sold on the Stock Exchange 125,015 Myddleton Hotels reducing the holding to nil.

DCM finance director to retire

Mr. Isadore Shulman, group financial director of Dunbee-Combex-Marx toymaker since its inception in 1946, is to retire at the end of next month at the age of 64.

A statement said yesterday Mr. Shulman had postponed his original retirement date to complete the Aurora acquisition in the U.S. and to help in establishing the recently-announced contract with China.

A shortlist of applicants has been drawn up and an announcement will be made in due course. In the meantime the group's financial affairs will be managed by Mr. Basil Feldman, joint managing director, Mr. Colin Williams, chief executive of the UK toy division, and Mr. M. Hochenberg, deputy finance director.

The new appointment will be a critical one in view of the company's current difficulties. For the first half of 1978 DCM announced losses of £2.90m mainly as a result of problems in the U.S.

Badulipar Tea 1977 accounts

The directors of Badulipar Tea Co state that unaudited draft accounts for 1977 indicate that final results will be reasonably comparable with those of the previous year.

It is hoped that final accounts will be prepared early next year.

Continuation of litigation in India between the company and the former Indian agents has prevented the company's representatives in India from completing the preparation and auditing of accounts for 1977.

No approval of remittance of funds has been received from the Government of India due to refusal of income tax authorities to give a no objection certificate.

This dispute, which is not confined to the company, is of such a serious nature that intervention by the UK Government has been requested by the industry, the directors state.

Complete cessation of flow of funds to the UK is creating considerable problems for the company and naturally there is no prospect of a dividend payment for the time being, they add.

Brit. American Cosmetics waits for option price

The directors of Interpan Holding AG say they doubt the company's capital will remain intact after British American Cosmetics exercises its option to buy the outstanding 49 per cent of the equity in Juvena International Cosmetics Group still held by Interpan.

In the annual report of Interpan, formerly Juvena Holding AG, they say the price to be paid for this option depends on the business development of the two companies. British American Cosmetics, a subsidiary of BAT Industries, obtained the option following its purchase of the cosmetics interests of the then Juvena, two years ago.

It is too early to suggest a concrete correction of its FFr 40m capital, but developments in the current business year will cast more light on the situation, they add.

ROUND-UP

Kaiser Resources, the Canadian coal group is raising its quarterly dividend to 25 cents (10.9p) for the fourth quarter of this year from 22.5 cents previously. The increase is the fourth since the initial dividend of 15 cents in the 1975 first quarter.

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Emperor Mines of Melbourne is planning plant modifications at its Fiji gold mine to allow for the expansion of ore output to 2,250 tonnes from underground and 3,400 tonnes from opencast mining. Existing output is 1,400 and 2,000 tonnes respectively. Gold shipments fell in the year to June to 38,985 oz from 53,992 oz the previous year because of mine and dock strikes.

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In a rationalisation of the Australian salt mining industry, Dampier Salt, the Conzinc Riotinto of Australia unit, has completed its takeover of Texada Mines of the BHP group.

MINING BRIEFS

SISICHI-JANTAR—Output of concentrates for October: tin 24.07 tonnes, columbite 23.40 tonnes. Ten months to Oct: tin 299.57 tonnes, columbite, [illegible] tonnes. Same period last year tin: 330.29 tonnes, columbite, [illegible] tonnes.

Bank of Montreal

The Bank of Montreal has opened a branch office in Seoul AP-DJ reports from Montreal. It offers a full range of financial services including helping Canadian firms in South Korea and assisting Korean companies in doing business in Canada.

Decision on Steaua Romana claim

Steaua Romana (British) has been informed by the Foreign Compensation Commission that the company's claim has been provisionally determined for £1.26m which together with the claim in respect of Romanian bonds held, amounts to £1.44m.

The claims were the subject of government negotiations regarding Romanian bonds held by British nationals and oil company property nationalised in 1948. These negotiations were concluded in January 1976.

The Board states that it has no information as to the percentage of the established claim which the company will receive.

The company has been informed that until all claims have been provisionally determined and reviewed, the total awards will not be known. Until this position is reached, it will not be possible to say what the total payment will be or when it will take place.

Meanwhile a profit of £248 has been reported for the year ended June 30, 1978, against £11,115 previously after all charges including tax of £2,258 (£6,729). Again, no dividend is declared.

Stockholders' Trust advances

After tax of £661,573, compared with £572,503, profits of Stockholders Investment Trust advanced from £910,257 to £1,107,944 in the year to October 31, 1978. Gross income for the period was ahead from £2.02m to £2.43m.

Earnings per 25p share are shown at 2.74p (2.10p) and a net final dividend of 1.35p raises the total payment from 2.05p to 2.35p.

FODENS

Fodens is exercising its right to require conversion of the outstanding 109,407 10 per cent convertible redeemable cumulative preference shares.

IN BRIEF

BLANTYRE TEA HOLDINGS—Interim dividend 2p per share in new form of 25p each equal to 8p per £1 share, pay January 29. Sub-division of shares and amendment of articles approved at today's EGM. Tea crop year to September 30 1978 3.5m (3.6m) kilos of which 2.25m kilos sold at net sale average of 46.97p. Anticipated that final average price for total crop will be marginally improved.

JATEL (tea producer)—Results for 1977 reported November 22. Group fixed assets £2m (£1.99m). Net current assets £1.22m (£1.22m). Meeting, 13, Carlos Place, W., December 19, at 10 a.m.

SUNGEI BAHRU RUBBER ESTATES—Results for June 30, 1978, year already known. Group fixed assets £433,569 (£430,725), net current assets £91,771 (£53,045). Chairman says with present improved rubber prices and good crops expected in coming months current year's prospects look encouraging. Meeting, 1-4 Great Tower Street, EC, December 21, noon.

KILLINGHALL TIN—Final 78.26p, making 124.56p (125p) year to September 30, 1978. Turnover £1,315,000 (£1,564,000). Net profit £516,536 (£479,064). Earnings per 25p share 55.69 (50p).

MORAN TEA HOLDINGS—Results for nine months to December 31, 1977 already reported. Fixed assets £1.4m (£1.34m). Net current assets £30,892 (£179,743). Present indications are that 1978 crop will show increase over last year. John Sinmore and Co. holds 27.12 per cent of group's capital. Meeting, Tea Brokers Association, High Timber Street, EC, December 19, at noon.

YARROW

AND COMPANY LIMITED

Statement by the Chairman

Sir Eric Yarrow, M.B.E., D.L.

GENERAL

The Group has had a satisfactory year with pre-tax profit amounting to £1.4 million before extraordinary items. This pre-tax profit figure is understated by an amount representing interest on compensation stock which cannot be quantified until such time as a final settlement is reached in respect of the amount of compensation to be received for the nationalisation of Yarrow (Shipbuilders) Limited. This important matter is commented upon further, later in this statement.

An interim dividend of 1.7 pence per share was paid in June 1978 and a final dividend of 3.45 pence per share will be proposed at the Annual General Meeting. The two payments will bring the total annual dividend to the maximum permitted under existing legislation. It is to be hoped that dividend restriction will be relaxed in the years ahead.

Since the end of the financial year under review, Mr. P. L. Blackstone has retired from the Board of Directors on reaching retiral age. He has undertaken difficult assignments with great determination and I wish him well for many years of happy retirement.

Mr. J. Neumann, Managing Director of Y-ARD Limited, has been appointed a Director of Yarrow and Company Limited. His engineering knowledge and wide experience both in this country and overseas will be of great benefit to the Board.

I have decided to relinquish my position as Chairman of Yarrow (Shipbuilders) Limited, a fully owned subsidiary company of British Shipbuilders, on 31st March, 1979. As a result I shall be available to devote more of my time to the affairs of Yarrow and Company Limited and its subsidiary companies at this important stage in the Company's history.

COMPENSATION FOR YARROW (SHIPBUILDERS) LIMITED

I had hoped that, in this year's Statement, it would have been possible to give shareholders some indication of the amount of compensation likely to be received for our former shipbuilding subsidiary company which was nationalised on 1st July, 1977. Unfortunately, this cannot yet be done and so instead I feel it is right that an explanation should be given to shareholders of the events which have taken place and the position which has now been reached.

A valuation of Yarrow (Shipbuilders) Limited was prepared in the months following nationalisation and this comprehensive document together with a formal claim was presented to the Department of Industry on 31st March, 1978 by the Stockholders' Representative Mr. David C. Hobson, F.C.A., senior partner of Coopers and Lybrand, Chartered Accountants. At the same time we received from the Department of Industry their own initial valuation of Yarrow (Shipbuilders) Limited.

Since that date negotiations have continued between the Stockholders' Representative and the Department of Industry at several meetings. It was agreed at the outset that these negotiations should be conducted on a confidential and "without prejudice" basis. These difficult negotiations are still continuing and therefore I cannot say anything at this stage about the progress which has been made during the discussions.

Your Board believes that it is in the interests of the Yarrow shareholders to explore every possibility of achieving a fair and reasonable settlement as was promised by the Government but if this cannot be negotiated there will be no alternative but to submit the matter to an Arbitration Tribunal as provided for in the Nationalisation Act, which would be a lengthy procedure.

The Profit and Loss Account for the year ended 30th June, 1978 includes interest on the Treasury Stock already received on account of compensation but we are unable to take credit for the further interest which has been accruing since 1st July, 1977 as we cannot estimate the final amount of compensation likely to be received. A Note has been included in the Accounts indicating that the Group pre-tax profit for the year is understated by an amount which cannot be quantified at present.

When the amount of compensation receivable becomes known it is the intention of the Board to formulate proposals for the utilisation of such monies. It is obviously premature at this stage to make any firm commitments, since any such plans will be dependent upon the amount of compensation actually received and also by the economic and fiscal circumstances at that time.

DISTRIBUTION FROM YARROW (SHIPBUILDERS) LIMITED

As I intimated in my half-yearly report, we submitted an application for a further substantial distribution to Yarrow and Company Limited out of the accumulated and undistributed profits of Yarrow (Shipbuilders) Limited at 30th June, 1977. Negotiations are proceeding but so far this application has been been unsuccessful and therefore the Profit and Loss Account does not include any dividend from Yarrow (Shipbuilders) Limited.

Y-ARD LIMITED

This company is now the principal subsidiary of the Yarrow Group, operating in the fields of maritime and engineering consultancy and research. The staff complement is 475 of which 330 are professionally or technically qualified. The company has been fully engaged throughout the year in a wide variety of contracts and projects for Government departments and also for other clients both in the U.K. and abroad.

Y-ARD Limited has made a considerable contribution to the profits of the Group, and further steady growth of the Company's activities is anticipated in future years.

YARROW ENGINEERS (GLASGOW) LIMITED

In August of this year the Board announced that agreement had been reached with Greater London Council on an acceptable settlement of the dispute concerning the Edmonton Boiler Contract. We are pleased that this long outstanding matter has now been resolved satisfactorily without recourse to litigation which would have been both lengthy and expensive.

I indicated last year that there was little chance of new orders for boiler plant but that we were ready to consider other types of engineering work for this company. The acquisition of a 75 per cent interest in Ritchie Taylor Engineering Company (Glasgow) Limited during the year has provided the engineering base which we required. This company's main factory is in Govan, Glasgow, and it also has a subsidiary company in Dundee. Yarrow has recently acquired the remaining 25 per cent shareholding and additional modern factory and office premises have been purchased. The opportunity has now been taken to change the name of the company to Yarrow Engineers (Glasgow) Limited, and this reflects the increasing importance of the company as a wholly-owned subsidiary within the Yarrow Group.

Engineering operations will be transferred from Govan to the new premises at Marine Street, Glasgow, where excellent facilities already exist for more efficient operation. The Marine Street factory has good communications to both road and rail networks and is adjacent to the River Clyde. The engineering and ship-repairing operations at Dundee will cease to have subsidiary company status, and will become a division of the Glasgow-based company, now trading under the Yarrow name.

These changes will contribute to the future development of the engineering activities within the Group and we anticipate a steady and controlled expansion of the activities of our engineering company.

HYMARINE LIMITED

This company was formed during the year in association with Hunting Associated Industries Limited for the purpose of designing and marketing a range of specialist vessels using glass-reinforced plastic hulls. Yarrow owns 55 per cent of the issued share capital and Hunting the remaining 45 per cent.

FUTURE

As I indicated in my statement last year, the future development of the Yarrow Group must to some extent be dependent on the amount received as compensation for the nationalisation of Yarrow (Shipbuilders) Limited. However, the Board has been exploring a number of opportunities for the profitable investment of the Group's existing resources and I can report that we are at present negotiating for the purchase of an unquoted engineering company for a price of approximately £2.75 million. If the negotiations are successful a circular will be sent to shareholders giving full details of the acquisition. The Board will continue to examine opportunities for acquiring suitable businesses for the Yarrow Group in fields relating to the expertise and operation of Y-ARD and in the meantime surplus funds are maintained in a portfolio of selected investments.

At a time when the Yarrow Group of Companies is looking ahead into new areas of activity, I would like to express my confidence in those employed in and associated with the Group and to thank them for their considerable efforts during the year under review.

20th November, 1978

ERIC YARROW

NATIONAL INSTITUTE OF ECONOMIC AND SOCIAL RESEARCH REVIEW

Economy poised to expand further and faster

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE ECONOMY should continue to expand during the next 12 months at well above the rate during recent years, while thanks to North Sea oil the current account should move into surplus from near balance this year, according to the latest issue of the National Institute's Economic Review.

The review, published this morning, is more bullish about the outlook for output than recent projections from the Treasury, the London Business School and the Confederation of British Industry.

On the basis of existing policies and assuming a 12 per cent rise in average earnings during the current pay round, the institute expects a rise in total output, as measured by real gross domestic product, of about 3 per cent this year and 3.8 per cent next year, at 1975 prices. That should be coupled with a current-account surplus of £650m next year.

In contrast, the London Business School, which makes almost the same assumptions, has projected a rise in gross domestic product of 3.5 per cent this year and of 3.3 per cent in 1979, but with a current account deficit of £520m next year.

The recent Treasury forecasts, which assume only a 7 per cent rise in earnings, projected a rise in gross domestic product of 3 per cent this year and of 2.4 per cent in 1979, with a £250m deficit next year.

The main reason is that the institute takes a different view about the prospects for exports and imports next year than do other forecasters.

On imports, the review predicts only a 2.9 per cent rise next year, mainly because of the saving in imports through rising North Sea production, while the Treasury has projected a 6.8 per cent increase.

The review points out that the recent rebasing of the national accounts to 1975 prices means that the projections are not comparable with growth rates at 1970 prices.

It is estimated that on the old price base, the forecasts would have been a 2½ per cent rise in gross domestic product this year and 2½ per cent next year. The review consequently says that the forecasts are more than usually tentative.

After allowing for the change in the price basis, growth seems to have been a little slower than expected in the August forecast. The main reasons seem to be that investment in the public sector and in private housing has not yet begun to recover as predicted and, more important, significantly more than previously expected, of the growth in demand has been met from imports.

The main expansionary forces next year are likely to be private fixed investment, in spite of the recent rise in interest rates, and private consumption, reflecting the likelihood that prices will in the short run continue to rise more slowly than earnings.

The rate of expansion is expected to slow in the course of next year with a rise in gross domestic product in the year to the fourth quarter of 1979 of only 2½ per cent. Unemployment is expected to fall to slightly more than 1.2m (adults in Great Britain, seasonally adjusted).

The institute's first look at the prospects for 1980 suggest that on present policies there may be some slowdown, although not a sharp one. The private investment recovery is likely to run out of steam and private consumption should slow a little.

The growth of gross domestic product in the year to the fourth quarter of 1980 is projected about 2 per cent, while unemployment is forecast about 1.3m. The current account should be in surplus by about £1¼bn, and the inflation rate should change little.

In detail, the forecasts assume not only a 12 per cent rise in earnings but indexation of personal income-tax allowances, although fiscal policy is seen as otherwise unchanged. It is assumed that the effective exchange rate will fall by 4 to 5 per cent between now and the end of next year, with no change thereafter.

The review suggests that such a movement might be accommodated in a European snake, so that the forecasts would not be altered by a decision by the UK to participate. Some loss of export price competitiveness is implied, however.

The institute says that its forecasting equation for investment in manufacturing, which relates spending to output growth and capacity utilisation, points to a much less buoyant outcome than is suggested by various intentions surveys. Assessing the evidence together, the institute predicts a rise in manufacturing investment of 8 to 8½ per cent this year and of 6½ to 7 per cent next year.

Inflation, as measured by the consumer price index, was less rapid during the summer than previously forecast, partly because of the good harvest and smaller than expected increases in import prices.

Assuming sterling import price rises of less than 3 per cent this year and about 9 per cent next year, and a 12 per cent rise in average earnings, the rate of consumer price inflation is likely to be about 8 per cent this year, rising to between 9 and 9½ per cent in 1979 and 1980.

The forecast fourth-quarter on fourth-quarter increases in consumer prices are about 7½ per cent during 1978, 9½ per cent in 1979 and 9 per cent in 1980.

Living standards, as measured by real personal disposable income, will, it is predicted, increase by 6½ per cent this year but by only about 3½ per cent next year and by just over 2 per cent in 1980.

This year's sharp rise has led to a marked increase in the savings ratio, since consumption tends to lag behind changes in real income. A ratio of 15.3 to 15.6 per cent between the second and fourth quarters of this year is expected to decline during early 1979 to about 14.0 per cent, still a historically high figure. However, with a fairly steady rate of inflation, no significant further change is expected.

Consequently, real consumer spending is expected to rise by just under 6 per cent this year, about 4½ per cent in 1979 and between 2 and 2½ per cent in 1980.

Borrowing by the public sector is expected to be £7.8bn in the current financial year, £9.2bn in 1979-80 and £9.3bn in 1980-81. As a proportion of nominal gross domestic product, public-sector borrowing should remain between 5 and 6 per cent.

The institute estimates that the restrictive measures taken so far by the authorities will lead to monetary growth in 1978-79 that is towards the lower end of the original target range.

Short-term interest rates are expected to fall soon from their current exceptionally high level. However, it seems probable that staying within the new target range in the year to next October coupled with the public borrowing forecasts and likely demand for bank credit will together keep interest rates fairly high.

Later, with the likelihood of a fall in the U.S. Treasury bill rate and a more stable exchange rate, UK interest rates might decline.

Still cautious on world output

BY MICHAEL BLANDEN

THE GROWTH of output in the leading industrial countries over the next two years will be too slow to make any significant impact on unemployment, the National Institute argues in its assessment of the prospects for the world economy.

The forecasters state that they have taken their first cautious look at the outlook for 1980, and their view of the world economy has "changed very little since August, or indeed since May."

They still expect total output in the member countries of the Organisation for Economic Co-operation and Development to increase at a steady 3½ per cent a year. Any decline in the rate of inflation is likely to be mostly in some of the smaller countries, where it has been particularly high.

The annual growth of world trade, the institute suggests, still seems likely to remain within a range of 4 to 6 per cent.

"As before, however, we expect a continuing improvement in the current balance of payments of the developed and the centrally planned economies, at the expense both of the oil producers and of the other developing nations."

The institute points out that its forecasts were mainly prepared about the middle of October on the assumption that exchange rates would remain as they were at the time, except for a modest fall in sterling next year and a small devaluation of the French franc by the time France is likely to join the European snake.

Commenting on the negotiations over the European Monetary System the institute says that they appear to be leading to a system which will, in practical terms, be much the same as the present snake.

Even if the apparent opposition of the West German Bundesbank to the necessary support mechanisms for member currencies were overcome, the institute argues, "the level of borrowing by the UK and Italy, to enable their currencies to remain in the snake, might be extremely high."

Because they would be likely to fall against the West German D-Mark, repayment of loans and the ending of support "would be likely to require substantial changes in domestic policy, probably accompanied by devaluations which would strain the system far more severely than those the snake has already learned to live with."

Looking at the economic growth prospects, the institute says that, for this year, overall growth seems fairly certain to exceed 3½ per cent in North America and could approach 6 per cent in Japan, but may not reach 3 per cent in Western Europe.

Next year, the forecasters say, "a modest acceleration in Western Europe is likely to be balanced by slower growth (3 per cent or less) in the U.S., and we do not expect much change in growth rates in 1980."

Of the inflation outlook, the institute says that, for the OECD area, the rise in consumer prices this year is expected to be about 8 per cent, against just under 9 per cent last year.

"Unless the new U.S. measures are more successful than most observers think probable, it seems doubtful whether any very great reduction in the inflation rate will be achieved in 1979." The slowing this year, the institute says, has been largely due to a fall in commodity prices, which has already begun to reverse itself.

The move into current account deficit on the balance of payments by OECD countries after 1973, the institute says, has been reversed because of improved terms of trade, coupled with rather faster growth in the volume of exports than of imports.

As a result, these countries may have a surplus this year of between $5bn and $10bn.

The centrally planned economies seem to have improved their balance still further, at any rate in the first half of this year, mainly because the growth of their imports was still relatively slow.

CHANGES IN MAIN COMPONENTS OF DEMAND IN INDUSTRIALISED COUNTRIES

Percentages, annual rates in real terms

	1966-76	1977 (estimate)	1978 (forecast)	1979 (forecast)
Consumers' expenditure	+4	+3½	+3½	+3½
Public authorities' current spending	+3	+2½	+2½	+3
Gross fixed investment	+3	+5½	+4½	+3
Trade balnce	—	—	+½	—
Stockbuilding	—	+½	—	+½
Gross domestic product	+3½	+3¾	+3½	+3½

Europe energy demand to slow

BY DAVID FREUD

EUROPE'S energy demand until 1985 will increase at a slower rate than expected two or three years ago, mainly because economic growth forecasts have been cut back.

A special article in the review revises the institute's energy forecasts published two years ago. It concludes that the reduced demand could cut Europe's dependence on imported energy from 64 per cent in 1973 to just over 50 per cent in 1980 and 1985.

Consumption

Consumption is expected to increase, after its halt between 1973 and 1977, from the present level of 1.75bn tonnes coal equivalent per annum to about 2bn tonnes by 1980 and 2.25bn tonnes by 1985.

This rate of increase is slower than earlier. In the three years to 1980 it amounts to an annual 4.2 per cent and in the following five-year period to 3.9 per cent. This compares with 5.7 per cent in 1967-73.

Oil remains the most important fuel but its share of total supply gradually falls. Coal's share also drops in spite of an increase in the absolute quantities planned to be consumed.

Natural gas continues to increase its share, from about 17 per cent now to more than 19 per cent by 1985, while nuclear generation will contribute 7.25 per cent as against 1.25 per cent at present. The share of hydro-electricity remains about 3 per cent, slowly declining.

European fuel production is planned to increase from the present annual level of 750m tonnes of coal equivalent to nearly 1.1bn tonnes by 1985. About two-thirds of the addition is expected to come from North Sea oil production, with further increases from natural gas and nuclear energy.

Unchanged

Net imports are likely to remain almost unchanged to about 1980 and rise in the period 1980-85, although not at an alarming rate.

The biggest rise is expected in the imports of natural gas: these and coal seem to be rising without interruption, while the rise of oil imports would come after 1980.

The article says the greatest change in the outlook compared with earlier plans was found in the area of nuclear energy. "The past two years have seen the end of over-ambitious targets for the creation of nuclear capacity."

National Institute Economic Review, No. 86, November 1978, price £3.00 (in the UK) from National Institute, 2 Dean Trench Street, London, SW1P, 3 HE.

Unemployment could reach two million by 1983

BY PETER RIDDELL

UNEMPLOYMENT is likey to be higher in 1983 than now given plausible assumptions about the development of the economy, according to a special article in the review.

The implications of changes in past trends are considered in a few major variables—world trade, UK exports and imports, and productivity growth—for the UK's medium-term prospects on current policies.

The premise of this approach is that, in spite of North Sea oil, the balance of payments will continue to act as a contraining factor on growth. This is achieved by calculating the rate of growth of Gross Domestic Product which is consistent with a balance of payments target; the imports generated are constrained to equal UK exports after allowing for North Sea oil and for capital movements and assuming constant competitiveness.

The article stresses that this approach does not lead to a forecast of likely developments but rather an indication of problems likely to arise if the balance of payments on current account is required to be in equilibrium and if economic policy is restricted to orthodox fiscal and monetary management.

The method explicitly assumes no real alteration in the exchange rate and discounts the possibility of a successful co-ordinated reflation by the major industrial countries.

The resulting picture is described as "not too encouraging." Although a resumption of growth, at an annual rate of between 2 and 3 per cent would constitute a welcome improvement over the zero expansion of 1973 to 1977, such a recovery is unlikely to be sufficient to absorb unemployment.

On the contrary, the review suggests that with plausible assumptions, unemployment would tend to rise over the next five years to the order of 2m.

The article also discusses the suggestion that if higher unemployment is inevitable and the amount of work available is limited, there should be work sharing by shortening the working week.

But the review concludes the most likely outcome of such a reduction would be a rise in unit labour costs and, unless the reduction in hours were accompanied by parallel action in other countries, there would be a loss of real output and income with no perceptible effect on unemployment levels.

Constraint

Moreover, even if there were such paerallel action, there would still be a fall in output per person employed and thus in the real wage. "In short, this is not a promising escape route and the argument returns to the improvement of the competitiveness of the British economy."

The article says the problem with the various normal estimates of the effects of the shorter working week so far is that they are based only on first round effects and ignore the secondary impact due to changes in unit labour costs.

The institute calculates that given the balance of payments constraints, the likely permissible rate of growth of real Gross Domestic Product is between 2½ and 3 per cent a year.

The article then examines various possible paths for productivity growth, after noting the contrast between the annual rise in manufacturing of 4.2 per cent in 1969-73 and the increase of 0.4 per cent a year in 1973-77.

It concludes, while productivity growth is likely to recover from its depressed level since 1973, it is unlikely to recover to its previous level. So it could increase by between 2 to 2½ per cent a year before allowing for the likely cyclical kick-back in productivity growth which will occur in a recovery from a recession as actual productivity tends to rise sharply when underemployment is reduced.

If it is assumed that the cyclical kick-back in actual productivity growth is sufficiently large to raise the average annual rate of increase in 1978-83 to 2.75 per cent, adult unemployment in Britain would be 1.8m in 1983, given a 3 per cent annual rise in output.

This higher productivity leads to a partial reduction of underemployment caused by labour hoarding during the recession. If it is assumed that new labour requirements could be met entirely from hoarded labour, productivity growth might be 3 per cent a year, with a 3 per cent annual rise in output, and unemployment of 2.1m.

The figures range from unemployment of 1.1m in 1983 where a 3 per cent annual rise in output is associated with productivity growth of 2 per cent a year and 2.3m unemployment when output expands by 2.25 per cent a year and productivity by 3.5 per cent annually.

SUMMARY OF THE FORECAST

(August projections in brackets where comparable)

	Real GDP (per cent change, year/year, 1975 prices)	Real personal disposable income (per cent change, year/year)	Unemployment (fourth quarter, million)	Money supply (per cent change in sterling M3, fiscal years)	Consumer prices (per cent change, year/year)	Current account balance (year, £bn)	Public sector borrowing requirement (fiscal year, £bn)
1978	3.0	6.5 (5.1)	1.3 (1.3)	8.9 (11.0)	8.0 (9.3)	— (0.6)	7.8 (8.1)
1979	3.8	3.5 (1.6)	1.2 (1.5)	10.0 (11.0)	9.5 (11.2)	0.7 (1.9)	9.2 (8.4)
1980	2.5	2.1	1.3	10.0	9.2	1.2	9.3

Exports to EEC helped by Britain's entry

BY DAVID FREUD

UNITED KINGDOM exports have probably won a higher share of the market in the original six EEC countries than might have been the case if Britain had remained outside the Community, according to a special article in the review.

Across the range of products, UK exports to the Six maintained an above-trend share of those countries' imports. Similarly, the UK has imported more from the Six than it might otherwise have done, with the sole exception of transport equipment where the share fell below trend.

The article says there is a strong case for suggesting that the Common Agricultural Policy has diverted trade away from the more efficient producers to the EEC and enabled British farmers to maintain production levels that otherwise would be unjustified outside the Common Market.

In the manufactured commodity groupings, imports from and exports to the Six all appear to be higher than they would have been had the U.K. stayed outside the EEC.

UK exports of transport equipment, goods made of leather, rubber, wood, cork, paper and glass and miscellaneous goods such as pottery, clothing, footwear, scientific instruments and furniture, also increased above the trend projection in the post-entry years.

Cost

A possible cost of EEC membership for the UK was the loss of markets in Ireland, Denmark and EFTA with the establishment of a free trade area between these countries and the Six.

However, this does not appear to have happened with respect to Ireland and Denmark except in the instance of goods covered by the Common Agricultural Policy, nor is there any evidence of any such loss in the EFTA markets.

The article states that any attempt to assess the total net effect that Common Market membership may have had on the UK balance of payments depends very much on the various potential alternatives assumed for the post-entry years.

On different assumptions it is possible to obtain both positive and negative results.

It points out, however, that at a time of world recession it is possible that the UK, as a member, has been able to maintain a higher share of Common Market imports than otherwise would have been the case.

"Given the recent protectionist measures of the EEC towards the iron and steel industry and the textile industry, this could well be important for the UK."

New base changes picture

REBASING THE national accounts to 1975 constant prices rather than those of 1970 has significantly changed the picture of the recent past, the institute says.

Thus between the first quarters of 1977 and 1978, growth of the gross domestic product is estimated at 2.2 per cent, whereas on the old basis, the estimate was only 1.4 per cent.

Partly that was to be expected because of the greater weight given to oil import saving at 1975 rather than 1970 prices.

Other changes, however, are less easily explained. For example, over the same year to the first quarter of 1978, consumer spending grew by 4.8 per cent (against a previous estimate of 3.7 per cent), public authorities' consumption by 2.6 per cent (1.5 per cent) and gross fixed investment by 4.6 per cent (−0.6 per cent).

ESTIMATES AND FORECASTS OF THE GROSS DOMESTIC PRODUCT

£m, 1975 prices, seasonally adjusted

	GDP compromise estimate Index 1975=100	Consumers' expenditure	Public authorities' current spending	Gross fixed investment	Exports of goods and services	Total final expenditure	Imports of goods and services	Adjustment to factor cost
Percentage changes								
1978/77	3.0	5.8	2.3	3.4	2.4	3.8	6.0	5.0
1979/78	3.8	4.4	2.2	4.8	3.4	3.6	2.9	3.8
1980/79	2.5	2.3	1.7	3.8	3.8	2.8	3.8	2.6
1978 IV/77 IV	4.4	7.1	2.2	6.0	3.1	5.6	9.8	5.3
1979 IV/78 IV	2.6	3.2	2.3	3.6	4.6	3.1	4.4	3.3
1980 IV/79 IV	2.1	1.8	1.4	2.2	3.6	2.3	2.8	2.0

Sources: Economic Trends and National Institute estimates.

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NORTH AMERICAN NEWS

Move to block Hitachi link with General Electric

BY STEWART FLEMING

NEW YORK, Nov 28

THE Justice Department is seeking to block a proposed joint venture by two of the world's largest electrical equipment manufacturers, Hitachi of Japan and the U.S. General Electric Company, to produce *television sets.*

The Department today released the text of a letter it has sent to General Electric saying that it would challenge, through an anti-trust suit, the proposed combination of the two companies' U.S. TV businesses.

Almost a year ago, Hitachi and GE disclosed that they were examining the possibility of setting up a joint company—General Television of America—which would be equally owned and which would jointly market televisions under both companies' brand names.

At the time, General Electric said that the move would help to assure continued employment for GE's 4,000 employees in its US TV operations. At that time GE was about the sixth largest U.S. TV producer, and although its TV business has earned a profit in the past two years, according to the company, just previously it had been a drag on earnings.

Although details of the joint venture were not released, it was clear that GE was hoping that the two companies would be able to carve out a bigger and more profitable share of the U.S. market. It is precisely this objective to which the Justice *Department is objecting.* The Department says that the combination of the two companies' American operations will tend to eliminate actual competition (Hitachi, it points out, is already the 12th largest company in the U.S. TV market) and also potential competition.

On the latter point the Department says that prior to mid-1977 when it began discussions with GE, Hitachi was considering the construction of its own new television assembly plant in the U.S.

It added that it was not persuaded that the venture is necessary to maintain the viability of either party in the American TV market.

Commenting on the Justice Department announcement, a GE spokesman said that the company was disappointed that the Department has not approved the formation of the joint venture company. He added that the company is studying the Department's letter with Hitachi and added that GE remains committed to the television business and will continue to look at means to increase the volume and the profitability of its TV receiver operations.

He added it could not be assumed from the statement that the company would drop the proposed deal with Hitachi.

The U.S. television manufacturers have been under intense competitive pressure from Japanese-made sets, initially imported but more recently manufactured in the U.S. Japanese sets have captured around 40 per cent of the U.S. colour TV market and over the past 10 years the number of U.S.-owned TV producers has been reduced from 16 to seven.

Ironically, there was news today of intensifying competition in the colour TV market with the announcement from another Japanese firm, Sharp, that next year it is to build its first American factory which will make 10,000 colour sets a month and 30,000 microwave ovens in its first year of operation. Several Japanese firms, including Sony and Sanyo, already have U.S. manufacturing operations.

Insurance exchange drafting complete

By John Moore

THE CONSTITUTION and bye-laws of the New York Insurance Exchange—America's answer to Lloyd's of London—have been finally drafted, and are due to go before the legislative authorities on December 31. Once approved the new insurance exchange will be effectively operational from April 15, 1979.

The exchange could be underwriting policies by October of next year.

Mr. Donald Kramer, who has played a key role in planning the new exchange, said in London yesterday that the new insurance exchange would not be short of talented underwriters. "We will grow some, we will steal some, we will pay some," he said at a conference organised by stockbrokers Laing and Cruickshank.

Initially the exchange will have 20 syndicates backed by capital of at least $3.35m each. They will be able to handle premiums of about $200m.

"We hope that the New York Insurance Exchange will work co-operatively with Lloyd's and foster innovation in the insurance market," said Mr. Kramer.

Sir Henry Mance, a former chairman of Lloyd's, commenting on the exchange, said "I welcome any addition to world insurance capacity providing it is skilful and responsible."

Burger King gets set to invade European market

BY DAVID LASCELLES

NEW YORK, Nov. 28.

IF EUROPEANS are not yet familiar with "The Whopper," they soon will be. For, like the MacDonald's Hamburger which is finding its way across the Atlantic, America's No 2 hamburger chain, Burger King, is also expanding to Europe. And Burger King's centrepiece is The Whopper, a chunky handful of hamburger steak, relish, and salad clamped between a sliced soft roll.

London already has a Burger King, in the Haymarket, and there are a few more scattered around Spain and Scandinavia. But, according to Mr. Wally Scott, executive vice-president for finance of Pillsbury, the giant food company which owns Burger King, a big expansion is planned in the years ahead.

The immediate priority targets are Germany and the UK, the two countries in Europe where the fast foods business is reckoned to have the best prospect. Pillsbury is even eyeing France, where it gathers that MacDonalds are doing well despite the fact that their product does not exactly rate as haute cuisine.

But, though this looks like age-old rivals transporting their war abroad, Mr. Scott denies it.

Burger King, he explains, is *targeted at a higher quality* market than MacDonalds, where hamburgers come simple and inexpensive. Mr. Scott describes his chain as offering "a whole dining experience" with regular hamburgers 25 per cent bigger than MacDonalds, and garnished with extra bits and pieces.

Burger King has also been trying to remodel its traditional "male" image by enticing women and children into its restaurants, so that the place becomes more of a family venue. Youngsters are given free paper hats, and entertained by magicians with conjuring tricks. Hence the advertising of "magic Burger King."

All this is backed by what the company calls its "grand slam" programme to bring "even faster service and improved product quality."

To strengthen its position, Burger King last year raided the MacDonalds executive suite and came away with its number two Mr Donald Smith, whom it appointed president and chief executive officer, a move which observers say has greatly sharpened competition.

Even so, Burger King still lies some way behind Macdonalds, whether or not it feels it is competing in the same market. Burger King's sales are less than half of MacDonald's though growing faster, and it has 2,153 restaurants against MacDonalds nearly 5,000.

The big difference though, is that while MacDonalds is an independent company, Burger King belongs to a vast concern with sales in fiscal 1978 of $1.8bn (sales through Burger King franchises not included).

Bendix looks for record

BY OUR FINANCIAL STAFF

BENDIX, the automotive, aerospace and electronics group, expects to produce record earnings in the year to September 30, 1979 with little overall change in sales. In the year ended September 1978 net income totalled $129.6m on sales of $3.6bn with a per share income of $5.74.

Forecasting the advance, Mr. Joseph Svec vice president and chief financial officer, told the European institutional investor conference in London yesterday that Bendix's debt ratio at the end of September was some 31 per cent, having been as high as 35 per cent in the year. This is about right for maintaining its bond ratings, he added.

The company's forestry division's profit should be down in the current year, reflecting a *decline in U.S. housing starts and* rising U.S. interest rates. But the aerospace-electronics division should be increasingly strong over the next few years.

EUROBONDS

$50m issue for Norsk Hydro

By John Evans

NORSK HYDRO, the Norwegian energy utility, is reopening the primary sector of the Eurodollar bond straight debt market with a $50m 15-year offering.

This marks the first new straight bond for around two months, since the Eurobond *market* was disrupted by the sharp fluctuations of the dollar and the increases in U.S. interest rates introduced by the American Administration in measures to defend the dollar this month.

The indicated coupon on the bond is 9¾ per cent. However, in today's market conditions, pricing at a discount from par is indicated.

Lead manager is Hambros Bank, with the management group consisting of Amsterdam-Rotterdam Bank, Banque *Bruxelles Lambert,* Commerzbank, Den Norske Creditbank and Salomon Brothers International.

Eurobond analysts commented last night that the managers were adopting a flexible attitude to the Norsk Hydro bond, whose performance will be closely *monitored* by market participants.

The big institutional investors which dominant the demand side of the bond market have been selectively buying straight dollar *bonds recently, but mainly where* yields have moved up sharply. This has generally meant issues returning between 9¾ and 10 per cent.

New computer range at NCR

BY OUR OWN CORRESPONDENT

NEW YORK, Nov. 28.

NCR, the sixth largest U.S. computer manufacturer, with sales revenues last year of $2.5bn, is entering the large business computer market.

The company announced today that, by the fourth quarter of 1980, it will be able to offer two new computer models which will for the first time allow it to compete with the mainframe computer giants such as International Business Machines in offering large-scale systems.

The announcement is the culmination of a six-year development programme, which has involved the company in concentrating its business efforts on the electronic data processing business and in designing a full range of computer systems.

The company's strength has been in supplying equipment to retail and wholesale traders, banks and other financial groups. But historically when such *customers required the most* powerful available computer equipment, they had to go to one of NCR's rivals.

The company now believes that this will no longer be the case and that the availability of the new machines will also help to stimulate sales of smaller scale equipment to customers who know that if a maker wants to trade up into more powerful computers, he will not have to go to a rival manufacturer.

The new machines, the 8600 line, will range in price from $2.4m to $3.5m for the 8650 and $3.8m to $5.3m for the larger 8670.

A key element in the development of the new machines has been a decision to use the most advanced technology in the industry—the 64,000-bit random access memory circuit—in the *equipment. Major* computer manufacturers have yet to announce decisions to use such memory chips.

As part of its development programme, NCR (which used to be called National Cash Register) has been reorientating its business away from the traditional electro-mechanical accounting machines towards all electronic equipment, since the decision in 1972 to concentrate on data processing. In July this year it sold one of its main interests outside this field, its Appleton Papers division, to BAT Industries of Britain for $250m, a move which helped the *company* in its efforts to strengthen its balance-sheet.

Sharp setback for Litton

By Our Financial Staff

LITTON INDUSTRIES, the defence industry electronic equipment group announced that per share earnings for the first quarter of its fiscal year have dropped from 38 cents to 21 cents. Total net income shows a fall of 40 per cent to $9.4m. But sales have held relatively steady at $940.5m against $903.4m in the comparable period.

For the whole of the last fiscal year, Litton reported a net loss of $90.8m against a profit of $55.9m or $1.37 a share, with the fourth quarter turning in a loss of $144.7m after a charge of $172.9m arising from the settlement of disputed contracts with the U.S. Navy.

Montreal bank lifts earnings

By Robert Gibbens

MONTREAL, Nov. 28.

BANK OF MONTREAL, Canada's third largest chartered bank which is bidding for 89 Bankers' Trust company retail offices in New York, achieved earnings for the year ended October 31 of C$143.5m (US$122m), or C$3.32 a share, against C$97m, or C$2.53, a year earlier.

The balance of revenues after taxes, but before the loss appropriation, was C$193.5m against C$122m. Revenues were C$2.59bn against C$2.01bn and total assets at the year-end were C$32.09bn against C$25.17bn.

AMERICAN QUARTERLIES

BACHE GROUP

First quarter	1978 $	1977 $
Revenue	109.8m	86.4m
Net profits	5.41m	*1.60m
Net per share	0.70	*0.21

*Loss

BALTIMORE GAS & ELECTRIC

Year	1978 $	1977 $
Revenue	849.6m	779.5m
Net profits	122.5m	102.1m
Net per share	3.39	2.85

CANADIAN IMPERIAL BANK

Year	1978 $C	1977 $C
Net profits	153.5m	120.6m
Net per share	4.23	3.46

DETROIT EDISON

Year	1978 $	1977 $
Revenue	1.55bn	1.44bn
Net profits	136.3m	144.5m
Net per share	1.63	2.03

HARNISCHFEGER

Fourth Quarter	1978 $	1977 $
Revenue	117.1m	103.9m
Net profits	4.27m	2.89m
Net per share	0.49	0.33
Year		
Revenue	481.3m	466.1m
Net profits	17.71m	21.85m
Net per share	2.01	2.49

HEWLETT-PACKARD

Fourth Quarter	1978 $	1977 $
Revenue	516m	379m
Net profits	52m	33m
Net per share	1.76	1.14
Year		
Revenue	1.73bn	1.36bn
Net profits	153m	121m
Net per share	5.27	4.27

PHILADELPHIA ELECTRIC

Year	1978 $	1977 $
Revenue	1.42bn	1.38bn
Net profits	164.9m	181.6m
Net per share	1.82	2.01

TORONTO-DOMINION BANK

Year	1978 $	1977 $
Revenue	1.83bn	1.44bn
Net profits	85.2m	68m
Net per share	2.24	1.74

WISCONSIN ELECTRIC

Year	1978 $	1977 $
Revenue	741.7m	654.6m
Net profits	65.1m	57.9m
Net per share	3.55	3.21

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Closing prices on November 28

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aga Akt. 9½ 88	25	95½	96	+0½	−2¼	9.96
Australia 8.45 83	175	96½	97½	−0½	−0½	9.46
Australia 9¼ 83	75	99¼	99½	0	−0¼	9.47
Beatrice Foods 7¼ 83	100	95½	95½	0	−0¼	9.24
CECA 8½ 87	50	94½	94½	0	+0¼	9.59
CECA 9 93	25	97½	97½	0	−0¼	9.29
CECA 9¼ 88	25	98½	99¼	+0¼	0	9.37
CNT 9 93	75	96¼	96½	0	−0½	9.45
Canada 9 87	250	95½	96¼	−0¼	−0½	9.76
Canada 8.20 83	250	95½	96½	−0¼	+0½	9.39
Canada 9½ 98	250	94½	95½	+0¼	−0½	[illegible]
Canada 9 83	400	99¼	99½	−0¼	−0½	9.39
Canada 9½ 98	350	100	100½	−0½	−0½	9.43
Canadair 8¼ 83	70	95½	95½	0	−0½	9.71
Dominion Bridge Co. 9 84	25	95½	96¼	+0¼	+0½	10.15
EIB 8½ 85	100	96½	96½	0	−0¼	9.56
EIB 9¼ 88	175	97½	98¼	0	−0¼	9.68
EIB 9½ 98	100	98½	99¼	+1¼	−0¼	9.59
Eksportfinans 9 88	50	96½	97¼	0	−0¼	9.55
Finland 8½ 83	100	97¼	97½	−0¼	−0½	9.70
Finland 9 88	100	96¼	96½	−0¼	−0½	9.53
Hospital O/S 9 83	25	96¼	96½	+0¼	0	[illegible]
Ital. Finance 9½ 85	25	94½	94½	0	0	10.71
Ital. Finance 9½ 90	25	92½	93	+0½	−0½	11.14
J. C. Penney 8½ 83	100	97¼	97½	+0¼	−0½	9.19
Mac Bloedel 9¼ 93	50	97½	98¼	0	−0½	9.52
NZ Dev. Fin. 9½ 85	20	94	94½	+0½	0	9.73
NZ Dev. Fin. 9½ 83	20	94	94½	+0¼	+0½	9.58
Nat. West. 9 86	75	97¼	97½	0	−0½	9.46
Newfoundland 9½ 98	50	97½	98¼	+0¼	−0¼	9.51
Nord. Inv. Bk. 8½ 88	25	96½	97	+0¼	−0½	9.24
Norges Komm. 9¼ 98	75	97½	98¼	−0½	−0½	9.78
Norway 7½ 83	250	94	94½	0	−0½	9.58
Norway 8½ 83	150	97½	98¼	−0½	−0½	9.54
Occidental 9½ 83	75	92½	92½	0	+0¼	11.47
Ont. Hydro 8¼ 85	125	95½	95½	+0½	−0½	9.49
Quebec Hydro 9¼ 93	50	98½	99¼	+0¼	−0¼	9.62
Sweden 9½ 88	125	98½	98½	−0¼	−0½	9.43
UK 8½ 83	200	96¼	96½	−0¼	−0½	9.47
UK 9½ 93	150	97¼	97½	−0¼	−0½	9.42

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Argentina 6½ 88	150	94½	95½	−0¼	−0½	7.22
Asian Develop. Bk. 5¾ 88	100	95½	95½	−0½	−0¼	6.44
Australia 6 88	250	100½	101½	−0¼	+0½	5.86
Austria 5½ 90	150	94½	95	−1¼	−1¼	6.41
Bankamerica 5½ 90	150	98½	99	−0½	−0½	6.90
Banq. Ext. Algerie 7½ 85	100	95½	96½	−0½	+0½	8.02
CECA 6 86	150	96½	97½	−0¼	−0½	6.42
Canada 4¾ 83	800	97½	98¼	+0½	+0½	5.26
Chase Manhattan O/S 6 93	100	101½	102½	−0½	−0½	5.79
Commerzbank Int. WW 3¼	100	109½	106	−0½	0	2.81
Commerzbank Int. XW 3¼	100	83	83½	−0½	−0½	5.83
Copenhagen City 6 90	75	95½	96½	−0¼	−0½	6.57
Council of Europe 6½	150	96	98½	+0½	+0½	6.35
EIB 6 90	300	96½	97½	−0½	−0½	6.37
Elf Aquitaine 5½ 88	100	97½	98	−0½	−0½	6.15
IBJ 5 84	100	98½	99½	−0½	−0½	5.26
Indonesia 7 84	100	94½	97½	+0½	−0½	7.68
Kobe, City of 5½ 90	100	101½	101½	−0½	+0½	5.50
Light Servicos de Elec.	250	97	97½	−0½	−0½	7.23
Mexico 6 85	200	95½	96½	−0½	+0½	6.79
Mitsubishi Petro 5½ 85	100	100½	100½	−0½	−0½	5.48
Nippon Steel 5½ 85	100	99½	100½	−0½	−0½	5.78
Norges Komm. 6 90	180	97½	[illegible]	−0½	−0½	[illegible]
Norway 4½ 83	250	96½	97	−0½	+0½	5.26
Norwegian Ind. Bk. 6 90	125	97½	98½	−0½	+0½	6.21
Petroleo Brazil 7 85	100	98½	99½	−0½	−0½	7.18
Philippines 6½ 88	100	95½	96	0	−0½	7.36
PK Banken 5½ 88	100	97½	98½	−0½	−0½	[illegible]
Quebec, Province of 6 90	150	95½	96½	0	−0½	6.53
Rautaruukki O/Y 5½ 86	50	93½	94½	0	+0½	[illegible]
Ricoh 5½ 87	30	99½	100½	−0½	−0½	5.74
Spain 6 88	200	95½	96½	−0½	−0½	[illegible]
Statoil 6 88	150	98½	99½	−0½	−0½	6.37
Trondheim, City of 5½	35	94½	95½	−0½	+0½	6.67
TDS Group 5½ 93	65	96½	97½	−0	−0½	6.55
Venezuela 6½ 90	150	93½	94	−0½	−0½	7.32

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	40	102	102½	+0½	−0½	[illegible]
Arlberg Tunnel 4 93	40	97½	97½	−1	−0½	4.20
Asea 3½ 90	100	92	92½	−0½	−0½	[illegible]
Chase Manhattan 4 93	70	101½	102	+0½	+2½	[illegible]
CVRD 4½ 90	50	94½	95½	0	−0½	5.39
Council of Europe 4½	65	100½	100½	+0½	+1½	[illegible]
Bankamerica 3½ 93	80	99½	99½	0	+0½	3.82
BNDE 5 88	75	99½	99½	−0½	+0½	5.05
Denmark 4½ 90	100	100½	100½	0	+0½	4.46
Denmark-Mortgage Bk.	80	101½	101½	+0½	+0½	4.32
EIB 4½ 93	100	99	99½	−0½	+1½	4.53
Euratom 4½ 93	80	96	96½	−0½	+1½	4.42
F. L. Smidth 4½ 89	25	99½	100	−0½	+0½	4.51
Finland 4½ 93	80	100	100½	0	+1½	4.49
GZB 4½ 93	100	100½	100½	+0½	+0½	4.44
Hilti-Liechtenstein 4½	25	102½	102½	0	+0½	4.80
ICI Fin. NV 4½ 93	100	100½	101	0	+0½	4.37
Malaysia 4½ 90	80	98	98½	−0½	−0½	4.96
Manitoba 4 93	100	100	100½	0	+1½	3.99
New Brunswick EPC 3½	100	94½	94½	−0½	+0½	[illegible]
Norwag 4 93	70	96½	97	−0½	−0½	4.29
Norges Komm. 4½ 90	100	99½	99½	0	+0½	4.29
OKB 4 93	80	99½	99½	−0½	−0½	[illegible]
Oy Nokia 5 90	20	102	102½	+0½	−0½	4.75
Safe 4½ 93	30	100½	100½	+0½	+0½	4.41
Sandvik 4 90	85	99½	99½	−0½	−0½	4.03
Spas 4½ 88	15	100½	100½	+0½	+0½	4.41
Voest Alpine 4½ 93	100	99½	100	0	−0½	4.51
Voralberg Kraft 4 93	30	99½	99½	+0½	+0½	[illegible]
Vienna 4 93	100	99½	100	+0½	+0½	4.02
World Bank 4½ 93	250	100½	100½	+0½	+1	4.18

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bk. 5½ 88	15	97½	97½	0	−0½	6.09
EFCE 6.4 90	30	95½	96½	−0½	−0½	7.01
Eurofima 6.3 90	10	98	98½	0	−0½	6.61

	Issued	Bid	Offer	Change on day	Change on week	Yield
Finland 6.7 [illegible]	25	97½	98½	0	−0½	7.24
Norway 5.7 83	25	101½	102½	0	−1	5.38
Oslo, City of 6.8 90	15	96½	97½	−0½	−0½	7.13
SNCF 6.6 90	20	96½	97½	−0½	−0½	7.09
Sweden 6.7 90	40	95½	96½	[illegible]	−0½	6.92

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bank O/S Hold. 11 A$	12	[illegible]	[illegible]	[illegible]	[illegible]	12.81
Auto Cote Dane. 7 93 EUA	14	[illegible]	[illegible]	[illegible]	[illegible]	7.33
Copenhagen 7 93 EUA	30	[illegible]	[illegible]	[illegible]	[illegible]	7.24
Finland Ind. Bk. 7 93 EUA	15	[illegible]	[illegible]	[illegible]	[illegible]	7.37
Komm. Inst. 7½ 93 EUA	15	[illegible]	[illegible]	[illegible]	[illegible]	7.65
Panama 8½ 93 EUA	20	[illegible]	[illegible]	[illegible]	[illegible]	8.72
SDR France 7 93 EUA	22	[illegible]	[illegible]	[illegible]	[illegible]	7.22
Maximede Bk. 6½ 83 Fl	75	[illegible]	[illegible]	[illegible]	[illegible]	8.24
Brazil 7½ 83 Fl	75	[illegible]	[illegible]	[illegible]	[illegible]	9.18
CFE Mexico 7½ 83 Fl	75	[illegible]	[illegible]	[illegible]	[illegible]	6.33
EIB 7½ 85 Fl	75	[illegible]	[illegible]	[illegible]	[illegible]	8.48
Neder. Middenb. 6½ 83 Fl	75	—	—	—	—	—
New Zealand 6½ 84 Fl	75	—	—	—	—	—
Norway 6½ 83 Fl	100	[illegible]	[illegible]	[illegible]	[illegible]	8.43
OKB 6½ 85 Fl	75	[illegible]	[illegible]	[illegible]	[illegible]	8.23
EIB 9½ 88 FFr	200	[illegible]	[illegible]	[illegible]	[illegible]	9.97
Unilever 10 85 FFr	120	[illegible]	[illegible]	0	0	9.97
BAT 8 88 LuxFr	250	[illegible]	[illegible]	[illegible]	[illegible]	8.94
Buser Lux. 8 88 LuxFr	250	[illegible]	[illegible]	[illegible]	[illegible]	8.82
EIB 7½ 88 LuxFr	250	[illegible]	[illegible]	0	0	8.45
Finland I. Ud. 8 88 LuxFr	250	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norway 7½ 83 LuxFr	250	[illegible]	[illegible]	[illegible]	[illegible]	8.44
Renault 7½ 88 LuxFr	500	[illegible]	[illegible]	[illegible]	[illegible]	8.20
Solvay Fin. 8 85 LuxFr	500	[illegible]	[illegible]	[illegible]	[illegible]	7.95
Swedish I. Bk. 8 88 LuxFr	500	[illegible]	[illegible]	[illegible]	[illegible]	8.03
Citicorp O/S Fin. 10 93 £	20	[illegible]	[illegible]	[illegible]	[illegible]	12.38
[illegible] 11 90 £	10	[illegible]	[illegible]	[illegible]	[illegible]	13.77
[illegible] 10½ 90 £	15	[illegible]	[illegible]	[illegible]	[illegible]	12.74
Whitbread 10½ 90 £	15	[illegible]	[illegible]	[illegible]	[illegible]	12.98

FLOATING RATE NOTES	Spread	Bid	Offer	C.date	C.cpn	C.yld
American Express 82	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	13.71
Arab Intl. Bank M6.5 83	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	9.77
Banco di Salvador M6 85	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	11.62
Banco Nac. Argent. M6 85	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	9.74
Bank Handlowy M6 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	11.30
Bank of Tokyo [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	10.85
Banque Worms [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	9.17
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Utd. Overseas Bk. M6 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	12.45

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Asics 5½ 93	9/78	628	[illegible]	[illegible]	[illegible]	6.83
Baker Int. Fin. 5½ 93	1/79	74	[illegible]	100	[illegible]	6.79
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Trio-Kenwood 3½ 86 DM	11/78	711	93	96	[illegible]	13.51

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. M=Minimum coupon. C.date=Date next coupon becomes effective. Spread=Margin above six-month offered rate for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

INTL. FINANCIAL AND COMPANY NEWS

Metallgesellschaft to cut dividend

BY GUY HAWTIN

FRANKFURT, Nov. 27.

METALLGESELLSCHAFT (MG) is a company which accounts in Deutsche-Marks yet suffers the singular inconvenience of doing a large proportion of its business in sterling and dollars. Therefore, it is not surprising that it has reported an increase in sales at the same time as warning shareholders to expect a reduction in dividend.

The Frankfurt-based non-ferrous metals, engineering and transport group reported a 2 per cent increase in sales for the year ended on September 30. They went up from DM6.93bn to DM7.06bn ($3.66bn).

At the same time, Herr Karl Gustag Ratjen, MG's chief executive, told shareholders to expect a reduction in 1976-77's DM 5 per DM 50 nominal share dividend. The final decision about the size of the dividend would take place early next year, said Herr Ratjen, when the final figures were known.

However, Herr Ratjen did not disguise the fact that last year's earnings had been far from good. Profits, he said, were about a third down on the previous business year's performance, when they rose from a 1975-76 net of DM 15.3m to DM 41.3m.

Substantial sales growth overseas was off-set by a fall in domestic turnoved. Foreign turnover, said Herr Ratjen, was up by 11 per cent from 1976-77's DM 3.05bn to DM 3.68bn, while home sales declined by 5 per cent from DM 3.88bn to DM 3.68bn as a result of continued unsatisfactory economic performance in a number of important sectors.

MG, which proudly holds the number one seat on the London Metal Exchange, blames much of the sales decline on the heavy declines in metal prices during the first half of the business year. At the same time its earnings were also substantially affected by the decline of the dollar in relation to the Deutsche-Mark.

Its increase in overseas sales was primarily a result of a rise in its international trading operations. At the same time, plant construction — one of the jewels in its crown is the Lurgi engineering group — also played a major part in increasing the group's turnover.

The fall in earnings was mainly attributable to MG's metals operations, in particular the continued weakness of the zinc market. Furthermore, an increase in losses was reported in the non-ferrous metals semi-finished products sector. Improved results in the plant construction, chemicals and transport sectors failed to offset the profits decline.

If the dollar stabilised between DM 1.90 and DM 2, MG's metal operations would again be in the black, giving the group the chance to assess the best methods of restructuring its metals operations. The obvious answer seems to be in the direction of stepping up mining overseas and intensifying its domestic trading operations.

MG's efforts to restructure its processing sector will be continued—and this area has been an important beneficiary of the 1977-78 capital investment programme, which ran at DM 217m against depreciation of DM 179m. The current business year's plan envisaged capital investment at DM 200m with depreciation running at about the 1977-78 figure.

A stronger engagement in North America — where the group already has substantial interests—is foreseen. And, within this framework, Lurgi, the plant construction subsidiary, was on the lookout for a shareholding in a "potent" U.S. engineering concern. This "bridal search" had not gone so far as to allow speculation over prospective matches.

Generally the order situation on the metals side had been satisfactory during 1977-78 business year but the expected improvement in bookings for the processing sector had not materialised.

Orders in the plant construction sector had shown a small increase which meant that the order book remained at about the previous year's level. In the chemicals sector orders had improved although bookings in the white pigments sector were still under pressure.

The situation in the zinc market meant that the branch was having to operate on tighter production, while the lead smelters reported fully utilised capacity. The main declines in output were reported in the processing sectors, although demand had increased for the group's motor component products.

Mannesmann sales up at nine months

By Our Financial Staff

AN INCREASE of an eighth in sales for the first nine months and a forecast of satisfactory profits for 1978 as a whole were unveiled yesterday by Mannesmann, the major West German engineering and construction company.

Sales for the nine months have risen to DM 8.35bn ($4.3bn) from DM 7.44bn, and within this performance Mannesmann's domestic operations have had a particularly successful time in export markets. Exports from Germany have increased by 30 per cent and are running way ahead of the growth of domestic sales, which are 12 per cent higher for the nine months.

News of this comes from the pages of the company's house magazine, although Mannesmann gave no specific indication of what I tmeant by a satisfactory return. Last year profits declined for the second year in succession, dipping from DM 399m to DM 240m at the after tax level.

The share of exports from domestic plant rose to 60 per cent from 52 per cent. Final deliveries of some previously received orders are producing unsatisfactory returns in the pipe division. The foreign subsidiaries registered sales of DM 2.22bn in the nine months compared with DM 1.81bn, while group activities in Brazil have been adversely affected by the lower value of the Cruzeiro.

Group investment totalled DM334m in the nine months compared with DM423m. Out of the total, DM227m has been invested in domestic plant, a rise of around DM21m, while the remaining DM107m invested abroad "was below last year's figure."

Norway's Volvo deal hits snag

BY WILLIAM DULLFORCE

STOCKHOLM, Nov. 28.

NEGOTIATIONS OVER the Swedish SKr750m ($175m) agreement by which Norway is to buy 40 per cent of Volvo, the Swedish car and truck maker, appear to have reached a crisis at a secret meeting between the Norwegian and Swedish Prime Ministers at Harpsund, just outside Stockholm, last weekend. Mr. Ola Ullsten, Prime Minister of Sweden, told Norwegian Premier Odvar Nordli that Sweden would not alter its tax laws to enable 40 per cent of Volvo's taxes to be paid in Norway, Stockholm Radio reported this evening.

The SKr750m price agreed during the preliminary talks between the Norwegian government and Volvo's managing director, Mr. Pehr Gyllenhammar, in May was based on the assumption that Norway would receive 40 per cent of Volvo's taxes. But under the Swedish tax system, which differentiates between state and local authority taxation, the bulk of Volvo's tax payments would go to Swedish local authorities.

None of those present at the weekend meeting would comment this evening, except to confirm that the meeting had taken place, but Stockholm Radio quoted "Government sources" as stating that the Norwegians had over-estimated their ability to finance the SKr 750m Volvo deal.

Swedish ministers were now pessimistic about the chances of completing the deal; the deeper they probed into the preliminary agreement announced in May, the more and bigger the difficulties appeared to be, one source was quoted as saying.

By contrast from Volvo's headquarters in Gothenburg this evening, Mr. Gyllenhammar, who was present during part of the weekend talks, expressed doubt that any responsible minister would have used terms that could allow a definite conclusion to be drawn about the negotiations.

Mr. Gyllenhammar declined to comment on the tax question. He said that the talks had been making progress and problems had been solved one after the other. He could not see that the remaining problems were so complicated that the December 8 deadline for announcing the final agreement could not be kept.

At the weekend meeting, Mr. Ullsten and Mr. Nordli were both accompanied by their Finance and Industry Ministers. The Norwegians were told that Sweden could not depart from the principle that a company must pay tax in the country from which it operates and not where its owners reside, according to Stockholm Radio. To change the law or to make an exception for Volvo would open the way to similar demands from multinational companies operating in Sweden.

Paribas profits hold steady

BY DAVID CURRY

PARIS, Nov. 28.

CONSOLIDATED profits at the Compagnie Financiere de Paris et des Pays-bas, the largest privately-owned financial and industrial empire in France, will match those of 1977. The parent company's earnings will be slightly higher than last year, the Paribas chairman, M. Pierre Moussa, announced to shareholders.

Paribas consolidated profits, excluding minorities, came to FFr 411.1m ($93m) last year.

Although the parent company's net assets had risen to around FFr 430 per share at the end of September against FFr 361 at the end of last year, largely attributed to the advance of prices on the stock exchange, M. Moussa noted that the share price of Paribas is still substantially behind the per share value of the assets.

M. Moussa said that Paribas' involvement in the steel industry restructuring programme as one of the industry's leasing creditors will mean the conversion of some FFr 90m of loans into capital in the new steel holding companies. In adition, the five year moratorium on interest will cost the group some FFr 13m a year.

On the domestic front, M. Moussa was cautious about the position of the group's main financial arm, the Banque de Paris et des Pays-bas. He noted the unfavourable effects of the (pre-election) regime of high interest rates on the money-market and the sluggishness of demand for credit, which was depressing business expansion and inhibiting the bank's efforts to compensate for higher costs, notably salaries.

He was more positive in speaking of the Credit du Nord, one of the country's big deposit taking institutions, which, he says, should improve substantially on its 1977 performance. The Compagnie Bancaire, for its part, had recorded attributable net half year profits of FFr 143m against FFr 116m.

Like his predecesor M. Jacques de Fouchier, M. Moussa emphasised the increasing overseas activities of the group, and singled out the opening of a new branch in New York, acquisition of a 20 per cent stake in Power Corporation, a Canadian financial and industrial group, opening of a Hong Kong branch, and purchase of 17 per cent in Sun Hung Kai Securities.

Sodexho bids for Ancorp

By David White

PARIS, Nov. 28.

SODEXHO, a leading French catering concern, is awaiting approval of a U.S. takeover which would increase its worldwide turnover by some 15 per cent.

The company, which is controlled by the family interests of its chairman, M. Pierre Bellon, has announced a bid to purchase the entire stock of Ancorp National Services, a U.S. group with activities in airport shops and industrial and other catering.

The bid of 60 cents a share depends on approval by Ancorp shareholders and by the Securities and Exchange Commission.

Cartel Office maintains watch on Sachs shares

BY A. H. Hermann, Legal Correspondent

THE Federal Cartel Office keeps a watchful eye on the developments following the frustrated acquisition of Sachs AG, the leading German clutch manufacturer, by Guest Keen and Nettlefold. In a decision made last week but released only this week for publication, the Cartel Office approved of the planned acquisition by Commerzbank of the 25 per cent of Sachs equity from GKN but lifted a warning finger that it may not tolerate any increase in the influence of Salzgitter, the German steel and engineering concern, over the management of Sachs. Salzgitter acquired just under 23 per cent of the voting shares of Sachs.

The Cartel Office stated that it will not prohibit the planned acquisition of just over 25 per cent interest in Sachs by the Commerzbank International SA, Luxembourg.

The Cartel Office cannot intervene against the acquisition of Sachs equity by Salzgitter because this does not reach the 25 per cent threshold necessary in German law for qualifying the acquisition as a merger subject to control.

Alfa Romeo to increase capital

By Rupert Cornwell

ROME, Nov. 28.

ALFA ROMEO, the Italian car group controlled by the publicly owned IRI-Finmeccanica conglomerate is raising its capital from L150bn to L250bn ($294m). Its subsidiary Alfa Sud is carrying out a similar operation, from L80bn to L100bn.

The decisions approved by the group's shareholders in Milan this week are a further sign of the improving fortunes of Italy's second largest motor manufacturer after the losses of over L100bn registered in 1977.

TURKISH CONSORTIUM

Supporting the contractors

BY METIN MUNIR IN ANKARA

TURKEY'S biggest private banks have formed a consortium to provide bonds and credits to Turkish contractors who are emerging as a new force in the Middle East and North Africa, banking sources told the Financial Times.

The move was initiated by the Ministry of Finance, which has recently become aware of the large foreign currency earning potential of overseas construction work.

Turkish contracting firms currently have an offshore contractual undertaking of about $1.65bn.

More than half of the contracts are in Libya and most of the rest in Saudi Arabia, the number of Turkish construction companies active abroad is seventeen and workers in Arab countries total about 70,000.

The consortium has been formed under the aegis of the Union of Turkish Banks in Ankara. It embraces Akbank, Emlak Kredi, Garanti, Halk, Is and Yapi Ve Kredi banks, as well as the Central Bank and the Union of Turkish Banks.

The principal difficulty facing Turkish contractors abroad is providing bonds, and it is this problem to which the consortium will mainly address itself.

The number of Turkish banks large enough to supply bonds is limited. The reason for this is that most Turkish banks have only a small capital. In addition a Turkish bank may not provide bonds involving a sum exceeding 25 per cent of its capital unless the bond's recipient is a company in which the bank has shares.

This problem has in the last year or so been compounded by the fact that many countries, including Saudi Arabia and Kuwait, do not recognise the guarantee of the Turkish government and banks.

The new consortium may be able to surmount these problems and, contracting circles in Istanbul believe, enable Turkish contracting firms to raise their contractual undertakings abroad from the current $1.65bn to $5bn in the next two years.

The main benefit of the consortium would be the amalgamation of the capitals of its participants, enabling them to share the risk and issue bonds for amounts which would permit Turkish contractors to bid for contracts of almost any size of international construction work.

Furthermore, according to banking sources, the Treasury has undertaken to share half of the risk in any given consortium bond.

Equally significantly, the bonds would bear the foreign exchange guarantee of the Ministry of Finance and the Central Bank.

"The letters of guarantee which would be issued by the consortium and the sums which will have to be paid in case the letters of guarantee become redeemable will have the foreign exchange transfer guarantee of the Central Bank and the Ministry of Finance," Mr. Ziya Muezzinoglu, the Minster of Finance, said in a letter to the Union of Turkish Banks.

The Government is hoping that the consortium will be so registered abroad that its bonds will be automatically acceptable in the Middle East and North Africa, where Turkish companies are active.

Foreign bankers said that they consider the formation of the consortium—which has not yet been publicly announced—as a "big stride forwards."

The Istanbul-based Arab Turkish bank—jointly owned by Kuwaiti, Libyan and Turkish concerns—as well as other banks which are authorised to deal in imports, exports, invisibles and capital movements, are to be invited to join the consortium.

The Finance Ministry will soon publish a decree which will ease formalities and facilitate the activities of Turkish contractors abroad, official sources said.

One of the new rules to be introduced will enable Turkish contractors abroad to keep their foreign exchange funds in Turkish banks and draw them whenever they wish.

A method will also be established whereby Turkish companies will be able to obtain contracts by bargaining before projects are put up to bids. The Ministry of Public Works would also be empowered to seek contracts abroad.

The formation of the consortium and the forthcoming decree represents the first serious effort by the Turkish government to boost the competitiveness of Turkish contractors abroad. The result could well be that Turkish contractors gain a bigger portion of the construction cake in the Arab world.

INTERNATIONAL FINANCIAL AND COMPANY NEWS

KEISEI ELECTRIC RAILWAY

Narita operator deeper in the red

BY YOKO SHIBATA

TOKYO, Nov. 28

KEISEI ELECTRIC Railway—the private railway operator which is undergoing a financial reconstruction led by the Industrial Bank of Japan—suffered increased deficits in the first six months of the 1978-79 fiscal year, to September. The opening of the Narita route to the new international airport, which is behind the reconstruction, worked against the company's favour, as a result of a relatively low turnout of passengers, arising from strict security control at the airport, and the operation of a limousine bus service, carrying passengers away from the Keisei route.

Keisei's current half-year deficits reached Y6bn ($30m), or Y1.6bn more than in the same period a year earlier, and its net deficit, at Y3.4bn, compared with a deficit of Y872m. Sales, however, were slightly higher, at Y24.6bn ($125m), against Y23.9bn.

Keisei's new non-stop express "Skiliner" to the airport operated with a load factor averaging 30 per cent, much lower than the original estimate of 50 per cent. As a result, fare revenue from the new route was restricted to Y900m, against the original estimate at Y2.1bn.

The company disposed, at a loss, of real estate held beyond needs, adding to the deficits.

For the current six months of the fiscal year, the company is attempting to reduce its current deficit to some Y2bn by fare increases, and expects its current deficit to be Y8.3bn for the full year, ending next March. The company is also aiming at bringing its net profits to around break-even point, at Y100m for the full year, through sales of securities and fixed assets.

Tokyo bill market widens scope

TOKYO, Nov. 28.

JAPANESE short-term money houses have introduced bills for periods ranging from one month to one month and seven days in the Tokyo discount market at free interest rates, as part of their plan to liberalise the market. The bills should cross one month-end during their life, the houses said.

The introduction of the bills into the market follows that of seven-day call money in October, also at free interest rates, and that of free resale rates introduced in June for bills one month after their issue.

The houses said, however, that overnight money on the call money market, and bills running across two month-ends on the bill-discounting market would continue to be traded at rates prefixed through consultation with the Bank of Japan.

* * *

NET SALES of Japanese bonds by non-residents in October fell sharply, to $34m from $244m in September, the Foreign Ministry announced. Foreign bond purchases rose to $573m, from $329m in September, while foreign sales rose to $607m from $573m.

Net foreign sales of Japanese stocks increased in October to $44m from $25m in September, with foreign sales up to $632m from $466m, and foreign purchases up to $588m from $441m.

Securities houses attributed the higher portfolio selling to the Yen's weakening on foreign exchange markets and higher interest rates in the U.S.

The Ministry said that it approved 10 external bond issues by Japanese companies, totalling $199m, compared with six bonds totalling $140m in September.

The bond issues approved in October comprised a DM 80m convertible bond (CB) by Nissan Diesel Motor Company, a DM 30m CB by Maruetsu Company, a DM 30m CB by Kayaba Industry Company, a SwFr 25m CB by Anritsu Electric Company, a SwFr 30m CB by Sumitomo Forestry Company, a SwFr 20m CB by Taiyo Yuden Company, a DM 50m CB by Marudai Food Company, a SwFr 70m CB by Jusco Company, a SwFr 20m CB by Gunze Sangyo Company, and a DM 50m straight bond by Kubota

Agencies.

Loss cut back at Japan Line

By Our Financial Staff

JAPAN LINE, the financially troubled tanker operator cut its net loss for the half-year to September 30 by 3.1 per cent to Y5.45bn ($27.7m), from Y5.62bn in the first six months of the previous year.

Revenues were 21.5 per cent lower, at Y113.53bn ($575m), against Y145.5bn.

The company, hit by the world shipping slump, reached agreement with lenders in its last financial year to postpone repayment of some Y30bn in loans during the current year.

For the whole of 1977-78, the company announced a loss of Y21.41bn, compared with net profits of Y722m in the previous year and Y2.6bn in 1975-76. At end September last year it had debts of some Y150bn.

Indian investors offered equity stake in Lipton

BY P. C. MAHANTI

CALCUTTA, Nov. 28.

UNILEVER LIMITED, of the UK, as the holding company of the Lipton group in India, is offering some 1.03m equity shares of Rs 10 each to Indian investors to bring down its equity holding in the group, in compliance with the provisions of the Indian Foreign Exchange Regulation Act. The sale opens on December 13.

Lipton India which was incorporated in the UK in June, 1977 to take over the Lipton group in India before capital reorganisation, is offering simultaneously 225,000 shares to the Indian public on the same date. Both the issues are at par.

As a result of the issues the Unilever holding in Lipton India will be reduced to 40 per cent, as required by the law.

Lipton India will then become an Indian company. Two other companies of the Lipton group, namely Health and Co. (Calcutta) and Brundaban Properties Private, will become wholly owned subsidiaries of Lipton India.

Campbell and Co. (South India) merged with Lipton India immediately after the latter's incorporation. Mr. C. W. L. Godwin, who was the general manager of the Lipton group in India becomes its chairman and managing director.

Unlike Brooke Bond, the other multinational engaged in the internal distribution in India and export of tea, which has taken steps to dilute its equity, Lipton India does not own gardens. It buys tea to process for marketing in India and abroad. According to the management, the company accounts for approximately 9 per cent of the total tea consumed in India, and for 30 per cent of the packeted tea sales. Lipton also exports a substantial quantity of tea in bulk, as well as in value-added form.

The prospectus for the share offer shows that turnover of the Lipton group in India rose from Rs 425m in 1973 to Rs 781m (around $94m) in 1977, and that both the gross profit and profit after tax doubled over this period.

Australian National Line ahead

BY OUR FINANCIAL STAFF

THE AUSTRALIAN National Line showed a profit of A$5.7m (US$6.4m) in the financial year ended June 30, 1978, despite increased competition, industrial difficulties and lower trade levels.

This compared with a profit of A$2.8m in the previous financial year, and was achieved after bringing to account exchange losses of A$2.9m on outstanding foreign currency borrowings.

Mr. N. G. Jenner, chairman, said this today commenting on the Line's 1977-78 annual report tabled in the House of Representatives by the Minister for Transport, Mr Peter Nixon.

"As for the future, it would be foolhardy indeed to forecast any dramatic upturn in results for the next year.

"The Line will continue to concentrate on lifting efficiency and containing costs in the expectation that the steady, though gradual, improvements in results achieved in the last two years may be maintained."

Increasing competition from non-traditional operators placed overseas liner cargo volumes and revenue under pressure during the year, with employment opportunities for the bulk fleet at a low level, according to Mr. Jenner.

A number of industrial disputes affecting terminal and depot operations delayed vessels and added to costs.

Malaysia reduces reserve requirement

By Wong Sulong

KUALA LUMPUR, Nov 28

THE MALAYSIAN Central Bank today announced a reduction in statutory reserves for banks and finance companies to ease the tight liquidity situation, a move that will release 179m ringgit (U.S.$80m) in the banking system.

Effective from December 16, the statutory reserves of commercial banks are to be reduced from 6 per cent to 5 per cent, and those of finance companies from 4 per cent to 2.5 per cent. The statutory reserves of 1.5 per cent required by merchant banks however remain unchanged.

The reduction of statutory reserves comes just a month after the Finance Minister, Mr. Tengku Razaleigh, announced wide ranging monetary relaxations in his Budget, including the freeing of interest rates, abolishment of the withholding tax on interest for non-resident banks, and introduction of negotiable certificates of depositions and bankers acceptances.

The Budget moves were followed on criticisms of the "conservatism" of the Malaysian monetary authorities by foreign bankers, who saw Kuala Lumpur as running behind centres such as Singapore and Hong Kong.

Bank Negara, nevertheless, has made it clear that its aim is to improve the service offered by Malaysian banks to the local economy, rather than that Kuala Lumpur should rival Hong Kong or Singapore as a financial centre.

Bonus issue by Israel Discount Bank

BY L. DANIEL

TEL AVIV, Nov 28.

ISRAEL DISCOUNT BANK—the country's third largest bank—intends to declare an unchanged cash dividend for 1978 of 30 per cent on its ordinary and ordinary "A" shares, less withholding tax.

An extraordinary meeting of shareholders on January 23 is to be asked to approve also the distribution of bonus shares at the rate of 30 per cent (25 per cent for 1977), in the form of ordinary shares to holders of both ordinary and ordinary "A" shares.

The meeting is being called to approve an increase in the bank's authorised share capital of I£129.1m nominal value ($7.4m) of ordinary shares and of some I£120.89m of ordinary "A" shares. After approval of the increase, the authorised share capital will total I£1bn.

The bank's announcement pointed out that the yield on an investment in its ordinary "A" shares from January 1, 1977 to November 20, 1978 was 182.5 per cent, compared with a rise in the cost of living index of 92 per cent over the same period.

The ordinary shares entitle the holder to 10 votes, compared with the one vote per ordinary "A" share.

Net income up 70% at Elbit Computers

BY OUR OWN CORRESPONDENT

TEL AVIV, Nov 28.

ELBIT COMPUTERS, of Haifa, raised its net profit for 1977-78 by 70 per cent to the equivalent of $1m. Sales came to about $20m, an increase of 52 per cent on the preceding 12 months, representing a gain in real terms of 13 per cent. Exports more than doubled over the past two years, to over $14.5m.

About half the company's output represents computers and control systems for military purposes and half for the civilian market. The main shareholders are Elson of Haifa, and the U.S. Control Data Corporation.

The company has published details of its proposed issue, which is underwritten by a consortium of nine of Israel's leading banks together with Clalit Investments. The issue will consist of 11.2m registered ordinary shares of I£1 nominal value, and of some 3.81m registered ordinary shares of I£5, which are being offered to the public, to existing shareholders and key employees, and to other employees.

The public will be offered all the I£1 shares and 640,000 I£5 shares, in the form of 320,000 units, each consisting of 35 I£1 shares together with two I£5 shares, at a price of I£258.75 per unit. The price consists of I£5.75 in respect of the I£1 shares, and I£28.75 each in respect of the I£5 (575 per cent).

Existing shareholders, on record as of October 1, will be offered 2.58m I£5 shares in the ratio of two for every 25 I£1 shares at a price of I£12.50 per share (250 per cent).

Key employees will be offered 164,000 I£5 shares at the same price, of I£12.50, while other employees of the company and its subsidiaries may buy 240,000 of the I£5 shares at a price of I£21 per share (420 per cent).

Subscription for the units offered to the public will begin on December 5 and will close on December 7 at 12.30 p.m. Israeli residents will be entitled to order units for Israeli currency only, whereas foreign residents having so-called Patah (foreign currency) accounts, will be entitled to order on December 7 only, with the foreign currency to be calculated at the prevailing rate of exchange to the Israel pound at the Israel Discount Bank on that date.

Tokai Bank in Singapore

By H. F. Lee

SINGAPORE, Nov. 28.

THE TOKAI BANK of Japan is opening a branch in Singapore to conduct offshore banking business.

The branch, which will commence operations on December 1, has been granted an offshore banking licence as well as a licence to operate an Asian currency unit by the Monetary Authority of Singapore.

Commenting on the opening of the branch, Mr. Shigemitsu Miyake, chairman, said: "This move reflects our belief that Singapore together with other South East Asian countries and the Pacific area will play an increasingly important role in the newly emerging pattern of world trade and finance."

Tokai has previously maintained only a representative office in Singapore.

With the opening of the branch, Tokai which is the sixth largest commercial bank in Japan with deposits of Y5.9bn plans to expand its operations in the Asian dollar market considerably.

It has projected an increase in the branch's total assets to over U.S.$300m by 1981.

The unhappy lot of the independent chemist

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

GEOFFREY KANE is a member of a dying breed—the small independent retail chemist, who is rapidly disappearing from Britain's High Streets. About 4,000 small chemists have closed down during the past 17 years, leaving some 10,000 still trading. But every week a further four or five go out of business.

Mr. Kane (name changed for professional reasons) runs a small village chemist's shop in Hertfordshire and it has fared better than many independent chemists since he bought it just over four years ago.

Turnover has almost trebled to around £90,000 this year and Mr Kane's substantial marketing experience—he was with a large drugs company for 25 years — has enabled him to squeeze the best out of his limited trading position. But a £1,500 loss last year will probably be succeeded by only a small trading profit this year when the accounts are audited. This is hardly sufficient for a small retailer to stay in business, Mr. Kane feels.

Not only are chemists currently locked in a protracted wrangle with the Government over prescription payments, which account for about two-thirds of their income, they also face intense competition from the multiple chemists and supermarkets for sales of their traditional goods such as cosmetics, toiletries and proprietary medicines.

In many areas, especially small villages, the independent chemist has already become virtually non-existent. Increasingly, old people and young mothers—the vast bulk of independent chemists' customers—are being forced to travel to larger towns to have prescriptions dispensed.

The independent chemist's dependence on turnover generated by NHS prescriptions has grown steadily throughout the 1970s. In 1971, NHS revenue accounted for about 44 per cent of independent chemists' turnover, compared with just over 62 per cent at present, according to new market research by the A. C. Nielsen company.

According to the Boots Organisation, which is by far the largest chemist chain in the country with over 1,200 shops, it has diversified substantially into higher margin goods such as records and toys to minimise its dependence on drug sales.

Prescriptions

While being dependent on NHS work is not in itself unsatisfactory, the problem for the small chemist is that his profitability from this work has been held in check by the Government. Chemists are paid for dispensing NHS prescriptions according to a complicated formula — which few chemists appear fully to understand.

This takes account of stocks held, return on capital, drug prices, shop location, quantities dispensed and various other factors.

The chemists' professional body, the Pharmaceutical Services Negotiating Committee, argues that this formula has failed to keep pace with inflation. The return on capital allowed for a viable NHS contract, the committee argues, should be 26 per cent instead of the present 16 per cent. It backs up its case with an independent report from Coopers and Lybrand, the consultant accountants, and argues that other Government contractors have been allowed a re-pricing of their contracts to give a higher return on capital.

The negotiating committee has calculated that gross profit margins for independent chemists have dropped from 32 per cent in 1964 to about 21 per cent at present. Net profit margins have slumped from 4.6 per cent to 2.9 per cent over the same period.

Margins have slumped mainly because of rising costs. According to the Nielsen research the cost per prescription rose from 121p in 1975 to 183p in 1977. Drug prices in the past few years have risen about one-and-a-half times as fast as the general inflation rate and Department of Health estimates suggest that the current rate is three times the overall inflation figure.

Because prescribed drugs tend to be costly, chemists are forced to put a large part of their working capital into stocks. Consequently, chemists have a higher ratio of capital employed to turnover than other small retailers. In addition, they have problems with cash flow to finance their stocks.

The obvious solution adopted by most chemists was to cut back the amount of cash tied up in drug stocks. One effect of this has been to force customers to have to make two journeys instead of one to get a prescription filled because chemists now order especially some drugs which in the past they would normally have had on the premises.

More serious has been the effect of a DHSS decision made in 1975: The Department said that since chemists were holding less stock, and the amount they were paid per prescription was based partly on stock levels, their fees should be reduced accordingly. The chemists' complaint that they could not afford to hold more stock because the Government did not pay them enough fell on deaf ears.

Consequently, the chemists estimate that the move has cut their revenue by some £17m since 1975. They have called on the Government to allow the dispute to go to arbitration and have backed up their protest with a petition—over a million signatures were presented to Parliament.

Mr. David Ennals, Health Secretary, has said that the issue should be decided after recent adjustments to the payments system have been given time to work. These basically allow for smaller chemists to receive a slightly bigger share of the prescription fee than larger shops.

This month a move to end the deadlock between the chemists and the Department was made when Mr. Ennals announced that he was referring the dispute to a three-man independent panel of assessment which would make a recommendation next spring. But the chemists' negotiators are unhappy that the recommendations will not be legally binding.

Monopoly

The problem is compounded by other changes. On the NHS side, the chemists' traditional monopoly position for dispensing drugs is being placed in jeopardy by the growth of health centres, at which patients can get drugs dispensed at the same time as seeing a doctor. At present there are 680 health centres in the UK and the Government forecasts that there will be 4,000 within the next 20 years.

On the retailing side for cosmetics and toiletries, the chemists' basic problem is that they cannot generate sufficient turnover to compete on price with larger competitors, such as Boots, the new multiples such as Superdrug and Medicare, and the supermarkets.

Moreover, the chemists traditional role as the clearing house for film processing has also been eroded by film companies seeking wider outlets as well as developing mail order.

The chemists have reacted to the pressures of the High Street in two ways:

First, they have sought to bring more pressure to bear on the Government to improve the profitability of NHS work before the small chemist declines too far to be saved. But pharmacies are not a sector where shops can be quickly opened when market conditions improve, as chemists need to be professionally trained. Running a small chemist's shop, moreover, is unlikely to appeal to many young, newly-qualified people.

Second, they are developing voluntary groups led by wholesalers in the same way as small grocers have banded together to gain the benefits of bulk buying without losing independence. The two main groups are Numark and Unichem, which together account for about half the total number of independent chemists. They are invaluable for many chemists in helping to provide lower-priced goods but, even so, still cannot compete effectively with Boots and the large supermarkets for bulk buying and cost savings.

If the rate of closure of the small chemists continues unabated, one avenue of hope might finally be opened up. It is just possible, in the long term, that the Government may step in and either directly subsidise the pharmacies, or restrict sales of proprietary medicines to the chemists' shops alone.

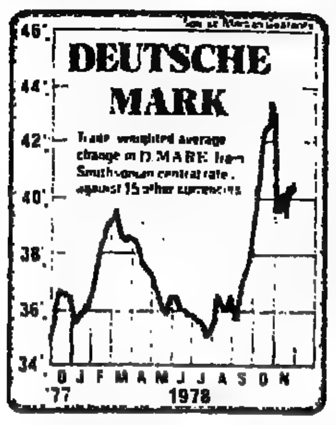
Most independent pharmacies would probably welcome a move to restrict competition from other retail outlets. But the supermarkets' lobby might prove hard to overcome if the Government eventually proved willing to take such a course. Without some such move the chemists' future remains bleak.

Currency, Money and Gold Markets

Dollar drifts in quiet trading

Trading in yesterday's foreign exchange market became very subdued ahead of today's announcement of the U.S. trade figures for October. The dollar showed a slightly weaker tendency overall, and finished on or around its worst level for the day. Nevertheless the D-mark lost ground slightly to DM 1.9275 against DM 1.9250 on Monday while the Swiss Franc was quoted at SwFr 1.7390 compared with SwFr 1.7350 previously. The French franc firmed to FFr 4.4125 from FFr 4.4250 and the Canadian dollar also rose to 85.12½ U.S. cents against 84.88½ U.S. cents.

Using Morgan Guaranty figures at noon in New York, the dollar's



trade weighted average depreciation widened slightly to 8.2 per cent from 8.1 per cent. On Bank of England figures, its Index fell to 85.1 from 85.2.

Sterling opened at $1.9425-1.9435 and touched $1.9400, but soon recovered to $1.9425. During the afternoon it continued to firm as the dollar drifted away a little, and closed at $1.9485-1.9495, a rise of 55 points from Monday's close.

On Bank of England figures, the pound's improvement in general was shown in the rise to 62.6 from 62.4 previously, having stood at 62.5 at noon and at the morning calculation. In terms of the D-mark, the pound rose to DM 3.76 from DM 3.74½ while the Swiss franc was also weaker at SwFr 3.39 against SwFr 3.37½.

FRANKFURT—At yesterday's fixing, the dollar eased to DM 1.9292 from Monday's level of DM 1.9321. There appeared to be little trading ahead of U.S. statistics for the consumer price index and October trade figures. Towards the close, the U.S. unit was quoted at DM 1.9291, showing very little change. However this showed a marked decline from its level of DM 1.9330, which was before a 0.8 per cent rise in the consumer price index. The latter showed an annual rate of 9.6 per cent.

NEW YORK—In quiet trading the U.S. dollar showed little movement, even after the announcement of a 0.8 per cent rise in the consumer price index. The gain was very much in line with market expectations. Sterling was quoted at $1.9454 against $1.9442 while the D-mark firmed to DM 1.9288 from DM 1.9321 and the Swiss franc rose to Sw Fr 1.7380 from Sw Fr 1.7422.

PARIS—In relatively calm trading the dollar fell from its early morning levels, with little in the way of fresh factors to affect the market. A continued downward decline in domestic interest rates appeared to be hand in hand with a stronger franc, and the French currency was quoted at FFr 4.4175 in terms of the dollar, against FFr 4.4275 which represented the day's low and Fr4.4315 on Monday.

MILAN—The dollar was fixed at L851.70 at yesterday's fixing, compared with Monday's rate of L852.70. The Japanese yen continued to decline to L4.328 against L4.331 while sterling improved to L1,654.6 from L1,652.5. The lira was slightly firmer against the D-mark but lost ground to the Swiss and French franc. Dollars traded at the fixing totalled $12.5m of which $5.5m were sold by the Bank of Italy.

ZURICH—End of year lethargy could be cited as one of the reasons why trading sank to a very low level yesterday, although there seemed little point in taking new positions ahead of the US trade figures for October due today. At mid-morning the dollar was quoted SwFr 1.7385 and against the West German mark at DM 1.9275.

AMSTERDAM—The dollar was fixed at Fl 2.0900, slightly down from Monday's level of Fl 2.0975. In later trading the US unit eased slightly to Fl 2.0885.

TOKYO—The dollar was slightly easier against the yen and closed at Y196.275, compared with Monday's close of Y196.625. After an opening level of Y196.30, the U.S. currency rose to a high of Y197.05 on demand to cover import settlements. However during the afternoon it eased somewhat to Y196.20 although there was little apparent pressure.

THE POUND SPOT / FORWARD AGAINST £

Nov. 28	Bank rate %	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S. $	9½	1.9400-1.9495	1.9485-1.9495	0.22-0.12c pm	1.05	1.10-0.90c pm	1.95
Canadian $	10¾	2.2785-2.3000	2.2865-2.2895	0.60-0.50c pm	[illegible]	1.75-1.60c pm	2.95
Guilder	6½	4.05-4.10	4.06½-4.07½	[illegible]	2.58	[illegible]	3.81
Belgian F	6	58.84-59.60	59.05-59.15	15-5c pm	[illegible]	[illegible]	2.80
Danish K	8	10.36-10.41	10.40-10.41	[illegible]	-3.46	[illegible]	-2.11
D-Mark	3	3.74½-3.77	3.76½-3.77½	[illegible]	9.18	[illegible]	9.71
Port. Esc.	18	90.00-91.40	91.15-91.55	50-110c dis	[illegible]	[illegible]	-9.41
Span. Pes.	8	138.55-139.40	139.25-139.50	30c pm-60c dis	-1.29	[illegible]	-5.46
Lira	10½	1,651-1,660	1,658½-1,659½	6-9 lire dis	-5.45	[illegible]	-5.98
Norwgn. K.	7	9.96-10.01	10.00-10.01	[illegible]	[illegible]	[illegible]	[illegible]
French Fr	9½	8.57½-8.62½	8.58½-8.59½	[illegible]	[illegible]	[illegible]	4.54
Swedish Kr	6½	8.59-8.65	8.64-8.65	[illegible]	3.47	[illegible]	4.74
Yen	3½	375-388	383-385	4.05-3.75y pm	12.19	[illegible]	12.60
Austria Sch.	4½	27.35-27.60	27.55-27.60	18-8gro pm	5.66	[illegible]	[illegible]
Swiss Fr.	1	3.36-3.40	3.38½-3.39½	[illegible]	11.95	[illegible]	12.83

Belgian rate is for convertible francs. Financial franc 60.50-60.60.
Rate for Austrian Sch. on Nov. 27 should have been 27.43-27.46 (close).

Six-month forward dollar [illegible] pm. 12-month [illegible] pm.

THE DOLLAR SPOT / FORWARD AGAINST $

November 28	Day's spread	Close	One month	% p.a.	Three months	% p.a.
Canad'n $*	85.07-85.23	85.08-85.11	0.10-0.13c pm	1.62	0.17-0.20c pm	0.82
Guilder	2.0880-2.0935	2.0880-2.0900	0.38-0.30c pm	2.02	1.00-0.96c pm	[illegible]
Belgian Fr	30.30-30.38	30.34-30.36	4½-3c pm	3.54	8½-6½c pm	0.94
Danish Kr	[illegible]	5.3395-5.3420	1.75-2.25ore dis	-4.65	4.75-5.25ore dis	-3.75
D-Mark	1.9258-1.9318	1.9265-1.9280	1.32-1.27pf pm	8.08	3.78-3.73pf pm	7.90
Port. Esc	46.35-47.00	46.85-47.05	35-185c dis	-27.49	230-500c dis	-26.25
Span. Pta	71.42-71.55	71.48-71.53	50-70c dis	-10.42	160-195c dis	-9.66
Lira	850.40-851.40	851.10-851.40	4.0-4.75lire dis	-6.17	11.75-13.75lire dis	-5.99
Norwgn. Kr	[illegible]	5.1320-5.1340	.35ore dis-.05pm	-0.29	1.05-1.45ore pm	-0.95
French Fr	4.4160-4.4250	4.4165-4.4190	1.70-1.50c pm	4.34	3.15-2.95c pm	2.88
Swedish Kr	4.4250-4.4370	4.4360-4.4370	2.30-0.90ore pm	2.78	3.05-2.85ore pm	[illegible]
Yen	196.40-197.00	196.40-196.60	2.95-1.85y pm	12.16	5.30-5.20y pm	[illegible]
Austria Sch	14.0950-14.1250	14.105-14.115	7.50-4.50gro pm	6.16	16.50-14.50gro pm	4.49
Swiss Fr	1.7330-1.7418	1.7385-1.7400	1.67-1.62c pm	11.99	4.85-4.80c pm	[illegible]

* U.S. cents per Canadian $.

CURRENCY RATES

November 27	Special Drawing Rights	European Unit of Account
Sterling	0.655232	0.672000
U.S. dollar	1.26997	1.30779
Canadian dollar	1.49628	1.53457
Austrian schilling	17.9542	18.4509
Belgian franc	38.6154	39.6617
Danish krone	6.79387	[illegible]
Deutsche Mark	2.45371	2.51981
Guilder	2.66376	2.73457
French franc	5.63105	5.78147
Lira	1082.97	1111.77
Yen	248.914	256.664
Norwegian krone	6.53209	6.71133
Peseta	98.8625	95.2508
Swedish krona	5.62749	5.77532
Swiss franc	2.21403	2.27369

CURRENCY MOVEMENTS

November 28	Bank of England Index	Morgan Guaranty changes %
Sterling	62.64	-42.0
U.S. dollar	85.56	-8.2
Canadian dollar	83.00	-17.3
Austrian schilling	143.96	+18.9
Belgian franc	113.58	+14.7
Danish kroner	116.83	+4.2
Deutsche Mark	147.21	+43.3
Swiss franc	190.64	[illegible]
Guilder	122.96	+19.7
French franc	97.95	-6.5
Lira	54.55	-48.5
Yen	148.26	+46.5

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index = 100).

OTHER MARKETS

Nov. 28	£	$		Note Rates
Argentina Peso	1,844-1,848	946.12-948.17	Austria	27-28
Australia Dollar	1.7085-1.7135	0.8780-0.8802	Belgium	60-61½
Finland Markka	7.48-7.69½	4.0540-4.056	Denmark	10.30-10.50
Brazil Cruzeiro	38.35-49.35	19.68-20.19	France	8.55-8.65
Greek Drachma	71.008-72.741	36.43-37.32	Germany	3.70-3.80
Hong Kong Dollar	9.33½-9.35½	4.795-4.8000	Italy	1680-1700
Iran Rial	144.12-146.06	74.75	Japan	380-390
Kuwait Dinar (KD)	0.528-0.538	0.2748-0.2749	Netherlands	4.00-4.10
Luxembourg Franc	58.80-58.90	30.31-30.34	Norway	9.90-10.05
Malaysia Dollar	4.29½-4.31½	2.2100-2.2150	Portugal	90-100
New Zealand Dollar	1.8545-1.8625	0.9542-0.9578	Spain	139½-143½
Saudi Arab. Riyal	6.48-6.58	3.3650-3.3750	Switzerland	3.34-3.44
Singapore Dollar	4.28-4.30	2.2070-2.2085	United States	1.9425-1.9525
South African Rand	1.6762-1.7021	0.8600-0.8733	Yugoslavia	41-46

Rate given for Argentina is free rate.

EXCHANGE CROSS RATES

Nov. 28	Pound Sterling	U.S. Dollar	Deutschemark	Japanese Yen	French Franc	Swiss Franc	Dutch Guilder	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.949	3.760	384.0	8.593	3.390	4.070	1659	2.289	59.05
U.S. Dollar	0.513	1.	1.929	197.0	4.409	1.739	2.089	851.1	1.171	30.30
Deutsche mark	0.266	0.519	1.	102.1	2.285	0.902	1.082	441.2	0.609	15.70
Japanese Yen 1,000	2.604	5.076	9.792	1000.	22.38	8.828	10.60	4320	5.961	153.9
French Franc 10	1.164	2.269	4.376	446.9	10.	3.945	4.737	1930	2.664	68.72
Swiss Franc	0.295	0.575	1.109	113.3	2.535	1.	1.201	489.5	0.675	17.42
Dutch Guilder	0.246	0.479	0.924	94.35	2.111	0.833	1.	407.6	0.562	14.51
Italian Lira 1,000	0.603	1.175	2.267	231.6	5.180	2.044	2.454	1000.	1.390	35.60
Canadian Dollar	0.437	0.851	1.643	167.8	3.754	1.481	1.779	721.7	1.	25.80
Belgian Franc 100	1.693	3.301	6.367	650.5	14.55	5.741	6.892	2809	3.876	100.

EURO-CURRENCY INTEREST RATES

Nov. 28	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
Short term	12¼-12½	9¾-10	8½-9½	8½-8¾	[illegible]	3½-3¾	6½-6¾	30-50	—	[illegible]
7 day's notice	12¼-12½	9⅞-10⅛	8½-9½	9¼-10	[illegible]	3½-3¾	6¾-7	18-22	[illegible]	nil-2
Month	12⅞-13⅛	11⅝-12	10-10½	9½-10⅛	[illegible]	[illegible]	[illegible]	17½-18½	11⅝-12	[illegible]
Three months	13¾-14⅛	11⅝-11⅞	10-11	10-10½	[illegible]	[illegible]	[illegible]	17¾-18¼	11¾-11⅞	[illegible]
Six months	14⅛-14⅝	12-12¼	10-11	9⅝-9⅞	[illegible]	[illegible]	[illegible]	18-19	12-12⅛	[illegible]
One year	14-14⅜	11¾-12	10⅛-10⅜	9⅜-9⅝	[illegible]	[illegible]	[illegible]	18½-19½	[illegible]	[illegible]

The following nominal rates were quoted for London dollar certificates of deposit: one month 10.20-10.30 per cent; three months 11.45-11.55 per cent; six months [illegible] per cent; one year 11.60-11.70 per cent.

Long-term Eurodollar deposits: Two years 10¾-11 per cent; three years [illegible] per cent; four years [illegible] per cent; five years [illegible] per cent; nominal closing rates. Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two-day call for guilders and Swiss francs. Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

European rates steady

European interest rates were fairly steady yesterday, little changed by various economic statistics. French industrial wholesale prices rose 0.7 per cent in October, compared with 1.1 per cent in September. The October index was 7.4 per cent higher than at the same time last year, compared with retail price inflation of 9.3 per cent for the same period, according to figures published last Friday.

Belgium's consumer prices rose 0.3 per cent this month, giving an annual inflation level of 3.81 per cent, compared with an annual rate of 3.87 per cent in October. The target level for France and Belgium must be an inflation level of around 2 per cent, if both their currencies are to remain stable against the D-mark within the new European Monetary System. Germany's inflation rate is 2.1 per cent based on the latest figures.

The currency reserves of the German Bundesbank showed a welcome reduction in the third week of November. Figures issued yesterday showed a fall of DM 1.3bn to DM 101.8bn, following a rise of DM 3.1bn the previous week caused by intervention in the foreign exchange market.

PARIS—The interest rate yield curve continued to steepen in the money market, with call money unchanged at 6⅝ per cent, while one-month eased to 6⅝-6¾ per cent from 6¾-6⅞ per cent. Three-month funds were unchanged at 6⅞-6⅞ per cent, and six-month at 7⅛-7⅜ per cent, but 12-month money rose to 7⅜-7⅝ per cent from 7⅜-7½ per cent.

BRUSSELS—One-month money rose to 9⅞-9⅞ per cent from 9¼-9⅝ per cent; and three-month to 9⅞-9⅞ per cent from 9⅝-9¾ per cent. Six-month funds were unchanged at 8⅞-9¼ per cent, and 12-month at 8⅞-9 per cent.

FRANKFURT—Interbank interest rates showed little change, with call money quoted at 3.50-3.55 per cent, compared with 3.45-3.55 per cent previously. One-month was unchanged at 3.3-3.5 per cent; three-month at 3.75-3.85 per cent; six-month at 3.8-4.0 per cent; and 12-month at 4.2-4.3 per cent.

AMSTERDAM—Interest rates were generally firmer. Call money was 8⅞-9 per cent, compared with 8½-9 per cent on Monday; while one-month rose to 9⅞-10 per cent from 9½-9⅝ per cent; and three-month to 9⅞-10 per cent from 9½-9⅝ per cent. Six-month money was unchanged at 9⅛-9⅜ per cent.

NEW YORK—Federal funds were steady at around 9⅞ per cent in early trading, but then rose to 10 per cent, at which point the Federal Reserve intervened to add reserves by way of overnight repurchase orders. Treasury bill rates showed little change from the rates at Monday's auction, with 13-week bills at 9.16 per cent, compared with an average of 9.166 per cent at the auction; 26-week bills at 9.35 per cent, against 9.35 per cent; and one-year bills at 9.31 per cent, unchanged from late Monday.

UK MONEY MARKET

Large assistance

Bank of England Minimum Lending Rate 12½ per cent (since November 9, 1978)

Day-to-day credit was in short supply in the London money market yesterday, and the authorities gave large assistance by buying a moderate amount of Treasury bills from the discount houses and a small number of local authority bills.

Banks brought forward small surplus balances, but this was outweighed by a modest net take up of Treasury bills, a modest rise in the note circulation, and settlement of a small amount of gilt-edged stock sold by the authorities.

Discount houses paid 11⅞-12 per cent for secured call loans in the early part, and closing balances were taken at 11-11¼ per cent.

In the interbank market overnight loans opened at 11⅞-12 per cent, and touched 11⅞-12¼ per cent, before easing to 11¼-11½ per cent in the afternoon. Closing rates were in the region of 11¼-11½ per cent.

Short-term fixed period interest rates were steady in very quiet featureless trading.

LONDON MONEY RATES

Nov. 28 1978	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills	Eligible Bank Bills	Fine Trade Bills
Overnight	—	11¼-12⅛	—	—	—	12¼-12⅝	11-12	—	—	—
2 days notice	—	—	11⅞-12⅛	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	12⅛-12⅝	—	—	—	—
7 days notice	—	11⅞-12⅛	12-12⅛	—	12⅝	—	11⅝-12	—	—	—
One month	12⅛-12	[illegible]	11⅞-12⅛	12⅛-12⅝	12⅝	12½	11⅞-12	[illegible]	[illegible]	12⅞
Two months	[illegible]	12⅛-12	—	12⅛-12⅝	12⅝	12⅝	11⅞	[illegible]	[illegible]	12⅞
Three months	[illegible]	12⅛-12	12-12⅛	[illegible]	12⅝	—	[illegible]	[illegible]	[illegible]	12½
Six months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—	—	—	[illegible]	13
Nine months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—	—	—	—	—
One year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—	—	—	—	—
Two years	—	—	—	[illegible]	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. [illegible] Finance House Base Rates [illegible]. Clearing Bank Deposit Rates for small sums at seven days' notice [illegible]. Clearing Bank Base Rates for lending 12½ per cent. [illegible]

GOLD

Further fall

Gold continued to weaken in yesterday's London bullion market and lost $2¾ an ounce to close at $195-195¾. After opening at $197¾-198¼, the metal was fixed at $197.20 during the morning, but eased in the afternoon to a fixing of $196.15. Trading appeared to be very subdued with the metal's weakness tending to reflect the easier trend in New York.

In Paris the 12½ kilo bar was fixed at Fr28,400 per kilo ($199.53 per ounce), compared with Fr28,400 ($199.96) in the morning and Fr28,800 ($202.02) on Monday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 12,265 per kilo ($197.80 per ounce) against DM 12,435 ($200.34) previously.

	Nov. 28	Nov. 27
Gold Bullion (a fine ounce)		
Close	$195-195¾	$197¾-198¼
Opening	$197¾-198¼	[illegible]
Morning fixing	$197.20 (£101.548)	$199.70 (£102.644)
Afternoon fixing	$196.15 (£100.766)	$198.40 (£102.469)
Gold Coins domestically		
Krugerrand	$207½-209½ (£106½-107½)	$209-211 (£107½-108½)
New Sovereigns	$60-62 (£30¾-31¾)	$60½-62½ (£30-31)
Old Sovereigns	$58½-60½ (£30-31)	$58½-60½ (£30½-31½)
Gold Coins internationally		
Krugerrand	$201-203 (£103½-104½)	$204-206 (£104½-105½)
New Sovereigns	$52½-54½ (£27-28)	$52½-54½ (£27¼-28¼)
Old Sovereigns	$58½-60½ (£30-31)	$58½-60½ (£30½-31½)
$20 Eagles	$278-283	$278-283
$10 Eagles	$149-154	$148-153
$5 Eagles	$99-104	$96-101

MONEY RATES

NEW YORK	
Prime Rate	11-11.5
Fed Funds	9.875
Treasury Bills (13-week)	9.16
Treasury Bills (26-week)	9.35
GERMANY	
Discount Rate	3
Overnight	[illegible]
One month	3.325
Three months	3.35
Six months	3.90
FRANCE	
Discount Rate	9.5
Overnight	6.625
One month	[illegible]
Three months	[illegible]
Six months	7.125
JAPAN	
Discount Rate	3.5
Call (Unconditional)	4.25
Bills Discount Rate	4.625

WORLD STOCK MARKETS

Late selling leaves Wall Street 9.7 weaker

INVESTMENT DOLLAR PREMIUM
$2.60 to £1—78½% (79¼%)
Effective $1.9490 33¾% (34%)

LATE SELLING left Wall Street sharply lower yesterday after a moderate business, bringing to a halt its recent string of modest gains.

The Dow Jones Industrial Average finished 9.70 down at 804.14, while the NYSE All Common Index retreated 43 cents to $53.13 and declines outpaced gains by 877 to 524. Trading volume came to 22.74m shares, exceeding Monday's light figure of 19.79m.

Analysts said the late pullback began shortly after Presidential Inflation Adviser Kahn warned that "the dangers of a serious recession would be enhanced if inflation is not brought under control."

His comments followed an announcement by the Labour Department as the market opened yesterday that U.S. consumer Prices in October rose at an adjusted annual rate of 9.6 per cent, the same as in the previous month. The continuing steep rise showed that inflation pressures continue unabated.

The White House said that the October rise confirms that the U.S. has a "very stubborn inflation problem." It added, however, that if business and labour co-operate with the Administration's anti-inflation programme and if Congress permits a tight budget, prices will begin to slow their rise "gradually next year."

Analysts added that a number of investors may also have grown cautious ahead of reports, due today, on U.S. leading indicators for October and the October trade figures.

The retreat was led by Glamour issues. **IBM** declined $4 to $267½, **Boeing**, the volume leader, 2⅞ to $64½, **Du Pont** 4½ to $119½, **Smithkline** 2¾ to $89¾ and **Teledyne** 2⅜ to $95½.

Polaroid retreated 2½ to $47⅞, **General Motors** ⅞ to $55½, **Exxon** ½ to $50 and **Texaco** ⅞ to $24½, all in active trading.

Consolidated Freightways lost $2 to $22½. A block of 244,300 shares were traded at $22½. **McLean Trucking** shed $1 to $13 in active trading. The Inter-state Commerce Commission suggested that the trucking industry should accept a lower freight rate rise than it had requested.

Ford Motor eased ½ to $40⅜ after the British Government's imposition of sanctions against Ford's UK unit in response to the 17 per cent wage increase granted to its workforce.

General Electric eased ½ to $40. The Justice Department said it would challenge on anti-trust grounds GE's proposed joint venture with Hitachi, of Japan.

Merck, however, rose ½ to $59½ on raising the quarterly dividend, while **Hewlett-Packard** picked up ½ to $85½ in response to higher fiscal fourth-quarter profits.

Bendix, which forecast record fiscal 1979 profits, added ½ at $39¼.

THE AMERICAN SE Market Value Index receded 1.40 to 147.44 on volume of 2.78m shares (2.64m).

Resorts International "A" headed the actives list and fell 2⅞ to $28⅞. **Amdahl** lost 3⅞ to $46⅞, **Syntex** $1 to $33½ and **Bow Valley** ¼ to $18½.

Spector Industries, a trucking concern shed ½ to $7⅞.

Dillard Department Stores "A", however, rose ⅞ to $16 on more-than-doubled third-quarter net profits.

Canada

Affected by the Wall Street trend, stocks on Canadian markets tended to turn back after initial firmness, although net gains still held an edge over losses at the close. Trading remained active.

The Toronto Composite Index ended 0.8 off on balance at 1,267.4, while Golds fell afresh by 23.9 to 1,268.8, Oils and Gas lost 14.0 to 1,736.6 and Metals and Minerals 3.1 to 1,063.3, but Banks gained 2.25 to 303.13, Papers 1.04 to 147.06 and Utilities 0.3 5to 193.95.

Royal Bank rose ½ to C$37½, **Bank of Nova Scotia** ½ to C$22¾ and **Bank of Montreal** ½ to C$24⅝ after all reported higher balance of revenue.

Tokyo

After the market's recent strength, a fairly widespread reaction set in yesterday in further active trading. The Nikkei-Dow Jones Average declined 34.16 to 5,945.28 and the Tokyo SE index lost 1.29 to 440.71, while volume reached 450m shares (400m).

Following Prime Minister Takeo Fukuda's decision to step down after an electoral defeat, Paper-Pulps, Printings and Inks, which would benefit from the re-denomination of the yen favoured by Fukuda, led the market retreat with **Oji Paper** falling Y12 to Y379, **Dai Nippon Printing** Y26 to Y585 and **Toppan Printing** Y21 to Y520.

Steels and Heavy Electricals eased on profit-taking after recent gains, with **Nippon Steel** shedding Y3 to Y116, **Kawasaki Steel** also Y3 to Y117 and **Mitsubishi Electric** Y4 to Y188.

Public Works issues, however, gained further ground in active trading, with investors anticipating that the new Premier, Masayoshi Ohira, will take new business stimulating measures.

Pharmaceuticals, Chemicals and some speculatives also closed higher.

Sony, up Y20 more at Y1,560, resisted a downtrend in export-orientated issues, were **Toyota Motor**, Y879, and **Matsushita Electric**, Y677, each closed Y6 lower.

Germany

Stocks closed mixed to easier amid continued uncertainty sparked off by the selective strikes in the German iron and steel industries, which began yesterday. The Commerzbank index shed 0.7 more to 817.9.

Volkswagen attracted heavy two-way dealings and recovered DM 1.40 to DM 237.70, but elsewhere in Motors, **Daimler Benz** declined another DM 3.50 and **BMW** lost DM 1.50.

Elsewhere, **Metallgesellschaft** fell DM 10.50 to DM 251.00 on forecasting a reduced dividend, while **Mannesmann** shed DM 1.70 to DM 174.10 despite predicting satisfactory 1978 results.

BBC retreated DM 5.30, while **Linde**, DM 282.00, and **Schering**, DM 259.50, receded DM 3.00 apiece.

Public Authority Bonds sustained further losses ranging to 30 pfennigs in quiet trading, with the Regulating Authorities buying DM 5.4m nominal of paper after DM 6.3m purchases on Monday. Other Domestic Bonds and Mark Foreign Loans also tended to weaken.

Paris

Market put on a steadier performance with no decided trend established, following the previous day's retreat on the October 0.9 per cent rise in the French retail price index.

Rises outweighed declines in Banks, Portfolios, Mechanicals, Hotels, Stores, Electricals and Chemicals, but Foods, Motors, Oils and Metals were easier for choice.

Significantly higher at the end of the session were **Pricel, Thomson Brandt, Phenix, Generale de Fonderie, Borel, LMT, Marine Wendel, Creusot Loire, Lefebvre, Fraissinet and Europe 1.**

On the downside were **Cetelem, Beghin, Poliet, Kali, Bail Investissement, Peugeot Citroen, Ericsson, Primagaz, Rhone-Poulenc and Applications des Gaz.**

Australia

Price movements were again mixed in thin dealings but with gaining issues holding a small lead over declines.

BHP scored a rise of 8 cents at A$8.28, while **Associated Concrete** were similarly higher at A$1.78 and gains of 3 cents apiece were recorded in **CSR**, A$3.30, and **Woolworths**, A$1.33. **ICI Australia**, however, receded 6 cents to A$2.00.

Among Property Developers, **Westfield**, up A$1.14 the previous day on the reorganisation proposals, closed a net 4 cents higher at A$8.30 after rising afresh to A$8.50. **Lend Lease** added 5 cents at A$2.65.

Banks were mainly firmer, but **CBA** shed 5 cents to A$2.30.

Among Coal issues, **Utah** gained 5 cents more to A$3.85, and **Coal and Allied** another 10 cents to A$5.00, but **Oakbridge** retreated 8 cents to A$1.45.

Elsewhere in Minings, **MIM** reacted 4 cents to A$2.36, but **Bougainville Copper** improved 3 cents to A$1.43 and **Consolidated Goldfields** 5 cents to A$3.45.

Hong Kong

Monday's rally proved short-lived, with stocks generally softening in very quiet conditions on light selling. The Hang Seng index, up 16.42 the previous day, came back 10.20 to 490.94. Volume on the four stock exchanges totalled only HK$62.80m (HK$116.93m).

Jardine shed 20 cents to HK$11.90, **Hongkong Bank** 20 cents to HK$16.70, **Hong Kong Land** 20 cents to HK$7.90 and **Swire Pacific "A"** 15 cents to HK$7.00. **Hutchison Whampoa** declined 12½ cents to HK$4.10 and **Hong Kong and Kowloon Wharf** HK$1 to HK$25.40.

Switzerland

Bourse prices remained in easier mood in slow trading.

Alusuisse weakened 45 more to SwFr 1,045 on the continued impact of its disappointing interim report.

In Chemicals, **Ciba Geigy** shed 25 to SwFr 1,035, while Foods had **Nestle** 30 lower at SwFr 3,170.

Domestic and Foreign Bonds were quietly steady.

Milan

Shares moved further ahead over a broad front.

However, **Fiat**, after an active session, were down L21 to L2,839, but this follows an advance of L122 the previous day on rumours that the company will declare an interim dividend.

Snia Viscosa advanced L28 to L845 and **Bastogi** L43 to L520.

Johannesburg

Gold shares continued to drift lower throughout the day, apart from a short period of steadying in the morning session afforded by the lower rate for the Securities Rand, which closed at 66½ U.S. cents.

NEW YORK

Stock	Nov. 28	Nov. 27
[illegible]	[illegible]	[illegible]

CANADA

Stock	Nov. 28	Nov. 27
[illegible]	[illegible]	[illegible]

Bid. † Asked. ‡ Traded. § New stock.

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.
● DM 50 denom. unless otherwise stated, yields based on net dividends plus tax. ♥ Pta 500 denom. unless otherwise stated. ♣ DKr 100 denom. unless otherwise stated. ♦ SwFr 500 denom. and Bearer shares unless otherwise stated. ¶ Y50 denom. unless otherwise stated. $ Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs, including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. § Traded. ‡ Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. △ Interim since increased.

GERMANY ●

Nov. 28	Price DM.	+ or —	Div. %	Yld. %
AEG	79.5	-0.1	—	—
Allianz Versich.	492	-3	31.2	3.2
BMW	220.5	-1.5	28.12	6.4
BASF	134.5	-1.1	18.76	7.0
Bayer	138.5	-0.9	18.75	6.8
Bayer Hypo	310.5	-2.5	28.12	4.5
Bayer Vereinsbk.	320	-2	28.12	4.4
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

TOKYO ¶

Nov. 28	Prices Yen	+ or —	Div. %	Yld. %
Asahi Glass	369	-1	14	1.9
Canon	447	-4	12	1.3
Casio	861	-1	25	1.4
Chinon	380	-5	20	2.6
Dai Nippon Print	585	-26	18	1.5
Fuji Photo	553	-1	15	1.3
Hitachi	245	-2	12	2.5
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Source Nikko Securities, Tokyo

AUSTRALIA

Nov. 28	Aust. $	+ or —
[illegible]	[illegible]	[illegible]

AMSTERDAM

Nov. 28	Price Fls.	+ or —	Div. %	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

BRUSSELS/LUXEMBOURG

Nov. 28	Price Frs.	+ or —	Div. Frs. Net	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

PARIS

Nov. 28	Price Frs.	+ or —	Div. Frs.	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SWITZERLAND ♦

Nov. 28	Price Frs.	+ or —	Div. %	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

COPENHAGEN ♣

Nov. 28	Price Kroner	+ or —	Div. %	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

STOCKHOLM

Nov. 28	Price Kronor	+ or —	Div. Kr.	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

MILAN

Nov. 28	Price Lire	+ or —	Div. Lire	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

VIENNA

Nov. 28	Price %	+ or —	Div. %	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

EUROPEAN OPTIONS EXCHANGE

Series	Jan. Vol.	Jan. Last	Apr. Vol.	Apr. Last	July Vol.	July Last	Stock
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

TOTAL VOLUME IN CONTRACTS 1134

BASE LENDING RATES

A.B.N. Bank	12½%
Allied Irish Banks Ltd.	12½%
American Express Bk.	12½%
Amro Bank	12½%
A P Bank Ltd.	12½%
Henry Ansbacher	12½%
Associates Cap. Corp.	12½%
Banco de Bilbao	12½%
Bank of Credit & Cmce.	12½%
Bank of Cyprus	12½%
Bank of N.S.W.	12½%
Banque Belge Ltd.	12½%
Banque du Rhone	13 %
Barclays Bank	12½%
Barnett Christie Ltd.	13½%
Bremar Holdings Ltd.	13½%
Brit. Bank of Mid. East	12½%
■ Brown Shipley	12½%
Canada Perm't Trust	12½%
Cayzer Ltd.	12½%
Cedar Holdings	12½%
■ Charterhouse Japhet	12½%
Choulartons	12½%
C. E. Coates	12½%
Consolidated Credits	12½%
Co-operative Bank	*12½%
Corinthian Securities	12½%
Credit Lyonnais	12½%
Duncan Lawrie	12½%
The Cyprus Popular Bk.	11½%
Eagil Trust	12½%
English Transcont.	12½%
First Nat. Fin. Corp.	12 %
First Nat. Secs. Ltd.	12 %
■ Antony Gibbs	12½%
Greyhound Guaranty	12½%
Grindlays Bank	12½%
■ Guinness Mahon	12 %
■ Hambros Bank	12½%
■ Hill Samuel	§12½%
C. Hoare & Co.	†12½%
Julian S. Hodge	13½%
Hongkong & Shanghai	12½%
Industrial Bk. of Scot.	10 %
Keyser Ullmann	12½%
Knowsley & Co. Ltd.	14½%
Lloyds Bank	12½%
London Mercantile	12½%
Edward Manson & Co.	13½%
Midland Bank	12½%
■ Samuel Montagu	12½%
■ Morgan Grenfell	12½%
National Westminster	12½%
Norwich General Trust	12½%
P. S. Refson & Co.	12½%
Rossminster	12½%
Royal Bk. Canada Trust	12½%
Schlesinger Limited	12½%
E. S. Schwab	13½%
Security Trust Co. Ltd.	13½%
Shenley Trust	14 %
Standard Chartered	12½%
Trade Dev. Bank	12½%
Trustee Savings Bank	12½%
Twentieth Century Bk.	13½%
United Bank of Kuwait	12½%
Whiteaway Laidlaw	13 %
Williams & Glyn's	12½%
Yorkshire Bank	12½%

■ Members of the Accepting Houses Committee.
* 7-day deposits 10%, 1-month deposits 10½%.
† 7-day deposits on sums of £10,000 and under 10%, up to £25,000 10½%, and over £25,000 10¾%.
‡ Call deposits over £1,000 10%.
§ Demand deposits 10%.

Indices

NEW YORK—DOW JONES

	Nov. 28	Nov. 27	Nov. 24	Nov. 22	Nov. 21	Nov. 20	1978 High	1978 Low	Since Compilat'n High	Since Compilat'n Low
● Industrials	804.14	813.84	810.12	807.00	804.05	805.61	907.74 (8/9)	[illegible]	[illegible]	[illegible]
H'me Bnds*	86.50	86.71	86.58	86.56	87.02	86.93	90.88 (4/1)	[illegible]	[illegible]	[illegible]
Transport	211.97	215.04	214.60	212.36	211.04	211.65	261.49 (8/9)	[illegible]	[illegible]	[illegible]
Utilities	98.66	99.75	99.32	98.46	98.15	98.02	110.98 (5/1)	[illegible]	[illegible]	[illegible]
Trading vol. 000's	22,740	18,790	14,590	20,010	20,760	24,550	—			

* Basis of index changed from Aug. 24. ● Day's high [illegible]

	Nov. 24	Nov. 17	Nov. 10	Year ago (approx.)
Ind. div. yield %	5.35	5.90	5.90	[illegible]

STANDARD AND POORS

	Nov. 28	Nov. 27	Nov. 24	Nov. 22	Nov. 21	Nov. 20	1978 High	1978 Low	Since Compilat'n High	Since Compilat'n Low
Industrials	105.64	106.87	106.69	106.04	105.59	105.81	118.71 (12/9)	[illegible]	[illegible]	[illegible]
Composite	95.15	95.99	95.79	95.48	95.01	95.25	106.99 (12/9)	[illegible]	[illegible]	[illegible]

	Nov. 22	Nov. 15	Nov. 8	Year ago (approx.)
Ind. div. yield %	5.12	5.27	5.36	[illegible]
Ind. P/E Ratio	8.90	8.64	8.81	[illegible]
Long Gov. Bond yield	8.67	8.66	8.76	[illegible]

N.Y.S.E. ALL COMMON

Nov. 28	Nov. 27	Nov. 24	Nov. 22	1978 High	1978 Low
53.13	53.56	53.44	53.28	60.38 (11/9)	48.37 (6/3)

Rises and falls	Nov. 28	Nov. 27	Nov. 24
Issues Traded	1,845	1,878	1,792
Rises	524	779	863
Falls	877	665	485
Unchanged	444	434	444
New Highs	10	12	13
New Lows	40	36	34

MONTREAL

	Nov. 28	Nov. 27	Nov. 24	Nov. 23	1978 High	1978 Low
Industrial	215.56	215.85	215.35	212.81	222.14 (11/10)	[illegible]
Combined	220.84	220.38	218.48	218.57	225.81 (11/10)	[illegible]
TORONTO Composite	1267.4	1268.2	1268.7	1256.2	1332.7 (12/10)	[illegible]
JOHANNESBURG Gold	256.7	223.4	222.7	224.5	272.0	[illegible]
JOHANNESBURG Industrial	264.5	266.8	262.9	262.5	281.9	[illegible]

	Nov. 28	Pre-vious	1978 High	1978 Low
Australia	[illegible]	[illegible]	[illegible]	[illegible]
Belgium	[illegible]	[illegible]	[illegible]	[illegible]
Denmark	[illegible]	[illegible]	[illegible]	[illegible]
France	[illegible]	[illegible]	[illegible]	[illegible]
Germany	[illegible]	[illegible]	[illegible]	[illegible]
Holland	[illegible]	[illegible]	[illegible]	[illegible]
Hong Kong	[illegible]	[illegible]	[illegible]	[illegible]
Italy	[illegible]	[illegible]	[illegible]	[illegible]
Japan	[illegible]	[illegible]	[illegible]	[illegible]
Singapore	[illegible]	[illegible]	[illegible]	[illegible]

	Nov. 28	Pre-vious	1978 High	1978 Low
Spain	[illegible]	[illegible]	[illegible]	[illegible]
Sweden	[illegible]	[illegible]	[illegible]	[illegible]
Switzerland	[illegible]	[illegible]	[illegible]	[illegible]

Indices and base dates (all base values 100 except NYSE All Common—50; Standard and Poors—10; and Toronto 300—1,000, the last named based on 1975). [illegible]

TUESDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
[illegible]	[illegible]	[illegible]	[illegible]

BRAZIL

Nov. 28	Price Cruz	+ or —	Cruz. Div.	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Turnover Cr.[illegible] Source: Rio de Janeiro SE.

OSLO

Nov. 28	Price Kroner	+ or —	Div. %	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

JOHANNESBURG

MINES

November 28	Rand	+ or —
[illegible]	[illegible]	[illegible]

INDUSTRIALS

	Rand	+ or —
[illegible]	[illegible]	[illegible]

Securities Rand U.S.$0.66½
(Discount of 42.2%)

SPAIN ▼

November 28	Per cent	+ or —
[illegible]	[illegible]	[illegible]

FARMING AND RAW MATERIALS

Imperial fails in bid to control egg group

BY CHRISTOPHER PARKES

THE FARMERS' co-operatives which dominate Goldenlay Eggs, Britain's biggest egg marketing consortium, have rebuffed an attempted "take-over" by the Imperial Group.

Imps sought control to push through major changes in marketing strategy.

The group paid more than £38m in September for J. B. Eastwood's chicken and egg empire and has since seen egg prices fall to their lowest levels for two years. The slump has brought losses of about 10p a dozen.

At present Ross Buxted Nitrovit (RBN), the Imps subsidiary, co-operates with the Goldenlay consortium whose other leading members are Thames Valley Egg Producers, Yorkshire Egg Producers and West Cumberland Farmers.

With the takeover of Eastwood came the possibility that this company's eggs would be marketed through Goldenlay. But negotiations broke down.

"RBN is unwilling to bring the Eastwood eggs into Goldenlay without structural changes to the co-operative nature of the company, such as to give full control of Goldenlay to RBN," the consortium said yesterday.

As a result RBN has been given 28 days' notice to quit Goldenlay. In future all Imperial Group eggs will be marketed from within the group.

"Unless major responsible strategic changes are made in egg marketing both in the UK and in exports the viability of the British egg industry is threatened to the detriment of producer, retailer and housewife alike," Imps said yesterday.

The group, which now controls an estimated 18 to 20 per cent of the egg market in Britain, prefers solutions other than simple price cuts for dealing with periodic egg surpluses.

Mr. Frank Powell, marketing director of Goldenlay, claimed yesterday that the withdrawal of RBN would have little impact on the consortium's operations. Goldenlay, which handles some 100,000 cases of eggs a week, claims to supply between 40 and 50 per cent of High Street outlets.

With the acquisition of Eastwood, Imps won a major share of the wholesale market and strong links with the export trade.

"Agricultural co-ops and capitalist companies just cannot live together," Mr. Powell commented, recalling the arguments of five years ago when the Eastwood operation — then a member of Goldenlay — broke away to handle its own marketing.

An Imps spokesman forecast sharpened competition in the egg trade. "But whatever happens it cannot result in a cut-price war since prices are already so low as to be uncuttable," he said.

The split between the two sides follows closely on the egg industry's failure to agree on a hen culling scheme which would have resolved the current crisis in the egg market.

Independent producers claimed consistently during six months of argument that they were not to blame for over-production and refused to pay a levy to cover the cost of the culling programme.

They blamed the surpluses on the major groups, including Eastwood, which had continued expansion regardless of the impact on prices and the fortunes of the more vulnerable smaller-scale egg producers.

Price rise in coffee forecast

By Richard Mooney

COFFEE PRICES are forecast to rise to £1,800-£2,000 a tonne next year in a report published by Inter Commodities yesterday.

And prices could go even higher "if a severe frost scare occurs in the Brazilian frost risk period from May until August," it adds.

The report says current prices are cheap and reflect the prospect of a substantial surplus in the 1978-79 season. But, largely because of poor flowering in Brazil, "this surplus is now unlikely to materialise."

Inter Commodities believes supply and demand will be roughly in balance in the coming season. It bases its calculations on a forecast by the U.S. Department of Agriculture putting exportable supplies at 56.5m bags but reduces this figure by 5m bags—4m because of the Brazilian crop setback and 1m because of a reduction in the Ivory Coast estimate.

"Consumption is picking up strongly in Europe and the U.S. and import demand could be 1m to 2m bags higher than general estimates of 49-50m bags," the report adds.

Indian state tea expansion programme

By Our Own Correspondent

CALCUTTA, Nov. 28

THE Tea Trading Corporation of India, a Government company originally formed to market packet tea, now proposes to become a producer in a big way.

It already has three tea gardens, which it took over in "sick" condition and claims to have nursed back to health. This experience, says P. K. Dasgupta, chairman and managing director, has encouraged the corporation to buy at least three gardens a year.

The corporation also wants to start new plantations in non-tea growing areas like Nagaland and Meghalaya. It plans to export more packaged tea during the 1978-79 season.

AUSTRALIAN WOOL SALES HIT

SYDNEY, Nov. 28.

Australian wool sale offerings next week will be much reduced and the number of acution days cut. This is due to the strike at the Australian Wool Testing Authority which has stopped the preparation of wool sample certificates.

Reuter

NEW ZEALAND LAMB PRODUCTION

Symptoms of conservatism

BY CHRISTOPHER PARKES

NEW ZEALAND lamb, for all its popularity in Britain is only a "mediocre" product.

Researchers at the world-famous agricultural research centre at Ruakura, North Island, readily admit it. They have put much work into programmes aimed at up-grading the stock but the fight against rigid rules on importation of new breeding blood and the conservative outlook of the farmers on the land has produced boundless frustration among them.

The rewards for improvement—in a country with 20 sheep for every human — are tempting. According to Government economists 5 cents on a kilo of lamb is worth $15m a year to New Zealand.

The same price increase for wool would yield a further $15m. And a 5 per cent rise in the average number of lambs produced by each breeding ewe would earn the nation an extra $20m a year.

The same economists tell of how three months ago Government veterinary surgeons ordered the destruction of new breeding stock which had the potential to boost the national lambing percentage by 30 per cent.

The stock were descendants of a small nucleus of new breeds imported into a quarantine island seven years ago. The animals were Finnish Landrace, Oxford Downs, German White-headed Mutton sheep and East Frieslands. All came from England and Scotland and were to form a new gene pool on which the whole NZ industry could draw.

By this summer the breeding programme—still in isolation—was going well. The nuclear flock numbered 3,000 head. Then the research establishment was shaken by the discovery in two animals of the disease scrapie. British experts were called in to check the diagnosis and advise. On their word the entire flock was slaughtered.

There are no plans to revive the enterprise, nor any schemes for further importations.

"I view the sheep slaughter as just one symptom of the over-conservatism of New Zealand farming and one of the biggest set-backs for years for agricultural development"—the view of one senior Government official.

Others, however, are less condemnatory. They consider that the existing stock of breeds has plenty of undeveloped potential and that farmers are beginning to respond to the call for a new product.

Use of the term "fat lamb" is officially frowned on. "Prime lamb" is the new phrase to describe butchers' beasts. Standards are already tightening and will become even more restrictive.

The New Zealand Meat Producers' Board has only recently trimmed down the maximum fat thickness permitted on export quality lambs. Ten years ago the maximum was 18mm. It is now down to 15mm and the target is 10mm.

The Meat Board is convinced the bloodlines necessary to produce these new, more streamlined lambs are already to be found in New Zealand.

However, the lack of experience among farmers has resulted in some sending unfinished animals for slaughter. And since fat lambs still fetch better prices than lean there is hardly any hard-cash advantage to back up the exhortations of the marketing men.

Sheep farmers see little future in working harder, changing their ways or attempting to improve their breeding programmes. They are hurt and disillusioned at the way returns have been whittled away.

Big pay rises for the meat factory workers, rising transport costs and extra trimmings here and there for other sundry purposes leave them with only 35 per cent of the end market price their lamb fetches at Smithfield in London.

In 1965, when New Zealand farmers were on the pig's back, the average producer's share of the earnings was 60 per cent. And as recently as 1970 he was getting 55 per cent.

By way of compensation the government provides aids to farmers worth about $NZ200m a year (about £110m) which accounts for about one third of the average producer's net income. But this is only fair since the cost structures of the industry are held artificially high as a matter of national policy.

The average sheep farmer's assets are now around $300,000 and the mean income hovers around $16,000 a year. Twenty years ago a farmer could run an economic unit with 300 breeding ewes. Now he needs 3,000 head.

It is certainly possible for the lamb industry to earn more from its output but the know-how is not widely used and, to some extent, the will is lacking.

At present most lamb shipped out of the country is sent in carcase form. As a result 70 per cent of every container-load is air, fat and bone. Some is sold already cut in consumer packs, mainly for the U.S. market. But while this may seem an ideal way of adding value at home, the costs of butchery work and appalling industrial relations in the meat works make it impracticable on a large scale.

Other difficulties hindering plans to add value to lamb exports at home include the import tariff barriers erected against cuts of meat as opposed to carcases. There is little call for processed sheepmeat although the Japanese are known to pickle and cure legs of NZ mutton for sale as "ham."

Government officials complain bitterly about the lack of true research performed in prime markets. Half of New Zealand's research and development budget is spent on agriculture.

Only 0.5 per cent is spent on economic research at home and abroad. For example, one senior man complained that while everyone was busy talking about the concept of adding value to farm exports no one knew the true worth of such a philosophy and practice applied to the primary farm produce market.

For all the confusion, complaints, melancholia and cynicism—"We are no different from any other Third World country," said one official at the Meat Research Institute, "we supply raw materials for the northern hemisphere and while our customers want us to remain in this position, so we remain"—there are still significant markets going begging.

The Meat Board cannot get its hands on enough top quality lambs to suit the U.S. market, for example. But it recognises that if it can keep up a regular supply of lamb into the States shoppers will readily take to it.

The U.S. sheep industry has been moribund for years. Lamb consumption is negligible. But egged on by the New Zealanders, American flockmasters are beginning slowly to reassert themselves in their home market.

Co-operation is so close that NZ exporters have set up a joint company with U.S. producers to promote and market lamb.

There is a brand-new unexploited market across the Pacific, but the national obsession with the British market always intrudes in any conversation about the prospects. Even though the UK offers such meagre returns, in spite of the 20 per cent Common customs tariff raised against lamb, in spite of rapidly shrinking consumption and the dangers threatened by the plans for a Common marketing regime for lamb in Europe the cry goes up that, regardless of the cost, traditional outlets must not be "neglected."

While that attitude prevails there can be no fundamental change in the "traditional" approach to sheep production in New Zealand.

UK fish policy is criticised by Danes

—BY HILARY BARNES COPENHAGEN, Nov. 28.

UK ATTITUDE to the Common Market fisheries' policy is unacceptable according to Henning Christoffersen, Danish Foreign Minister.

In an interview in the business newspaper Boersen, he said that first the UK had blocked the establishment of a common fisheries policy. Then it used the non-existence of a common policy as a pretext for introducing national, discriminatory restrictions on North Sea fisheries.

Denmark has asked for fisheries policy to be placed on the agenda of the EEC summit next week. Mr. Christoffersen said that Denmark wants a decision at the summit, not on the content of fisheries policy, but agreeing to the establishment of a common policy, so that all nine members are committed to the formation of a common policy.

The Danish point of view is that the heads of Government must say to their Fisheries Ministers that the issue has got to be solved, he said.

He added that the current situation was very disappointing, considering that the British Prime Minister in public and the Foreign Secretary in a private conversation with Mr. Christoffersen last week have both said that the political will exists to solve the issue.

Apart from the consequences for the industry, the fisheries issue is a burden on the climate in the EEC, he commented. "It obviously creates irritation, and a lot of things are said which would be better left unsaid."

It will also be very unfortunate, if the EEC has to negotiate fisheries problems with applicant countries — Spain, Portugal and Greece—if it has failed to establish a common policy.

● Mr. John Silkin, UK Agriculture Minister told Parliament yesterday: "It remains our objective to arrive at an agreement on the common fisheries policy by the end of the year."

He said the way ahead was to get an agreement which accepted the basic principles put forward by Britain. "I believe we are moving towards that position. We are moving a great deal faster than any of us could have envisaged six months ago."

Poles lift copper production

By Our Own Correspondent

WARSAW, Nov. 28.

POLAND WILL produce 345,000 tonnes of electrolytic copper this year according to official figures just published here. This is a rise of 12.5 per cent on last year's production total of 307,000 tonnes but falls 20,000 tonnes short of the 365,000 tonnes output planned for this year.

The shortfall is put down to a four-month delay in production at the Glogow 2 smelting and refining plant caused by a faulty suspension roaster.

The Lubin and Polkowice mines are scheduled to reach full production capacity next year and there is to be a rise in output at the Rudna and the Sieroszowice mines which are being developed at present.

More than 40 per cent of Poland's electrolytic copper and copper products output is exported.

Copper exports for the first nine months of this year were 102,088 tonnes, 16.7 per cent up on exports in the same period last year.

EEC halts wheat exports to Brazil

BRUSSELS, Nov. 28.

THE EEC Commission has decided to suspend its weekly wheat export tenders for sales to Central and South American countries, including Brazil.

Officials said the Commission wants to find out exactly how much wheat from its weekly export tenders is going to "zone four," where Brazil is the predominant importer.

Under the existing system, the Commission grants export licences to traders who can then export the wheat anywhere in the commission's zones one to six covering most of the world.

Leading U.S. wheat producers have complained strongly that heavily subsidised EEC wheat exports have been unfairly undercutting wheat sales in traditional U.S. export markets such as Brazil.

The officials said the Commission wants to keep a closer eye on the amount of wheat going to Brazil following the complaints.

Informed EEC sources said the Commission's decision could help to improve the atmosphere in the Geneva Multilateral trade negotiations.

The weekly wheat export tenders to other zones will continue as normal but a separate tender for the zone covering Brazil, which can thus be monitored more closely, is unlikely to be set up before Christmas because of the legal notice period which has to be given.

MERSEY WOOS TOBACCO IMPORTS

LIVERPOOL, Nov. 28.

THE PORTERAGE rate for tobacco imports will be reduced by 50p a tonne to £8.69p from January 1 in the Mersey port, and two further reductions are offered once cargoes reach a specific quantity.

The reduced rates have been agreed between the Liverpool master porters and master stevedores Association and the importers. There is a campaign to attract more tobacco which is one of Liverpool's traditional trades through the port.

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—Lost ground in fairly quiet trading on the London Metal Exchange. Forward metal opened a shade easier at £775, but fell away on the pre-market to around £771 mainly reflecting lack of interest. Fresh buying towards the end of the morning ... upon the market fell afresh in line with Comex, with forward metal easing to £765.5 prior to a modest rally on the kerb which left forward material at £771.5. Turnover: 22,475 tonnes.

Amalgamated Metal Trading reported that in the morning cash wirebars traded at ...

COPPER	a.m. Official	+ or −	p.m. Unofficial	+ or −
Wirebars				
Cash	765.5-.4	−7	760-.1	−8.5
3 months	778-.5	−7	770.5-1	−8
Settlem't	754	−7	—	
Cathodes				
Cash	742.5-3	−6.5	738-40	−8
3 months	761.5-2	−7	758-60	−8
Settl'm't	743	−6.5	—	
U.S. Smt.	—		*73	

TIN—Barely changed on balance. The rise in the Penang market prompted initial firmness with forward standard material moving up to £7,440 on the early pre-market. The market failed to maintain these levels, however, as profit-taking and lack of interest saw the price ease to £7,385 prior to closing on the late kerb at £7,385. Turnover: 795 tonnes.

TIN	a.m. Official	+ or −	p.m. Unofficial	+ or −
High Grade	£	£	£	£
Cash	7525-50	+10	7500-50	−15
3 months	7400-20	+10	7400-50	+5
Settlem't	7530	+5	—	
Standard				
Cash	7520-30	+17.5	7500-20	−5

I.G. Index Limited 01-351 3466. Three month Gold 200.45-202.35
29 Lamont Road, London SW10 0HS.
1. Tax-free trading on commodity futures.
2. The commodity futures market for the smaller investor.

COCOA

... closing at the day's lows, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or −	Business Done
Dec.	2145.0-46.0	−14.5	2157.0-42.0
March	2187.0-88.0	−26.0	2230.5-2185
May	2210.0-10.5	−24.25	2242.0-09.0

COFFEE

GRAINS

SILVER

RUBBER

MEAT/VEGETABLES

SUGAR

LONDON DAILY PRICE (raw sugar) ... a tonne cif for Nov.-Dec. shipment. White sugar daily price was fixed at ...

Aggressive buying from one quarter only lifted prices some 200 points during the opening calls, reported C. Czarnikow.

WOOL FUTURES

SOYABEAN MEAL

'COD WAR' TRAWLERS SOLD

By Our Own Correspondent

GRIMSBY, Nov. 28.

THREE GRIMSBY "cod war" veteran trawlers were sold yesterday to serve as oil rig supply ships because of the depression that has cut the port's deep-sea fleet from 150 to just five ships in the past few years.

PRICE CHANGES

Price in tonnes unless otherwise stated

	Nov. 28 1978	+ or −	Month ago
Coffee Future Jan.	£1,468.5	+2.0	£1,449
Cotton 'A' Index	80.6c	−0.15	78.95c
Rubber kilo	59.5p	−0.25	63.5p
Sugar (Raw)	£99		£106
Wooltops 64s (kilo)	274p		269p

* Nominal. † New crop. ‡ Unquoted. n Nov.-Jan. o Sept. t Nov.-Dec. u Jan. w Dec. z Per ton. x Indicator prices.

INDICES

FINANCIAL TIMES

Nov. 28	Nov. 27	Month ago	Year ago
261.28	263.63	265.22	239.60

(Base: July 1, 1952=100)

REUTERS

Nov. 28	Nov. 27	Month ago	Year ago
1519.3	1524.7	1529.0	1491.5

(Base: September 18, 1931=100)

DOW JONES

Dow Jones	Nov. 28	Nov. 27	Month ago	Year ago
Spot	392.51	397.14	397.95	349.22
Futures	391.51	396.22	396.43	326.00

(Average 1924-25-26=100)

MOODY'S

Moody's	Nov. 28	Nov. 27	Month ago	Year ago
Sple Commty	981.4	988.5	993.7	949.7

(December 31, 1931=100)

GRIMSBY FISH—Supply moderate, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £6.00-£6.60, codlings £4.00-£4.80; large haddock £6.00, medium £4.50-£5.00, small £3.50-£4.50; large plaice £6.00-£6.20, medium £6.00-£6.60; best small £4.50-£6.60; large skinned dogfish £10.00, medium £8.00; best lemon sole £9.50, medium £8.50; rockfish £2.80-£3.40; saithe £2.90-£3.20.

U.S. Markets

Cocoa and precious metals fall

NEW YORK, Nov. 28.

Precious metals closed sharply lower on renewed speculative liquidation following strength in the U.S. dollar despite another sharp increase in the consumer price index. Copper eased on Commission House liquidation despite trade arbitrage buying. Cocoa closed limit down on aggressive speculative liquidation following a higher than expected Bahia arrival figure while sugar finished the session on a steady note bolstered by trade arbitrage buying, Bache reported.

STOCK EXCHANGE REPORT

Emphasis switches from leading to secondary equities but 30-share index still gains 5.0 more to 489.9

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Nov. 13	Nov. 23	Nov. 24	Dec. 5
Nov. 27	Dec. 7	Dec. 8	Dec. 19
Dec. 11	Dec. 28	Dec. 29	Jan. 9

* "New time" dealings may take place from 9.30 am two business days earlier.

Continued investment buying yesterday switched noticeably towards secondary equities where trading conditions were decidedly less difficult while business in the leaders became further inhibited by stock shortage. Influencing the market, which had its busiest day for two months, was the Confederation of British Industry's monthly survey of industrial trends and, in particular, the reference in it to continuing strong consumer demand.

Encouragement was also derived from brokers' forecasts of lower interest rates in the near future, increased company profitability and favourable market prospects for the New Year. Advance reports of the National Institute of Economic and Social Research's report, which is slightly more bullish than the Treasury's recent pronouncement, may also have stimulated interest.

Lack of any adverse pointers on either the pay or labour front contributed to the spread in confidence, illustrated in yesterday's nine-to-two ratio of rises over falls in all FT-quoted industrials, compared with three-to-one on Monday. The FT-Actuaries All-share index picked up 1 per cent at 225.12, while the 30-share index measured the day's events with a *rise of another five points at 489.9*, which brings the rally over the past six trading days to over 21 points.

Switching operations were the mainstay of business in the Gilt-edged market, but the day was not without event for both the two new Government stocks came on tap. To satisfy a small demand, the Government broker activated the medium Exchequer 12½ per cent 1985 issue at 97¾ and the long Treasury 12½ per cent 2003-05 (£15 paid) at 15½, both slightly dearer than last week's issue prices.

Despite the thin trade, most other quotations edged forward with the high-coupon longer maturities establishing fresh gains of ½ and issues with a shorter life registering improvements extending to ¼. Corporations responded with similar small gains.

Elsewhere, Seascope Holdings 10½ per cent preference made a quiet debut at 98p, against the recent placing price of 97p.

A good business was transacted in the investment currency market for both arbitrage and institutional accounts with the likelihood of Ireland joining the European Monetary System a major influence, persistent offering took the premium down to 76¾ per cent before buying at the lower levels left it to close 2 easier on balance at 78½ per cent. Yesterday's SE conversion factor was 0.7490 (0.7485).

Mirroring the increased business in the equity market, interest in Traded Options picked up quite sharply and the number of contracts completed was 1,006, compared with Monday's 550.

Banks up again

Continuing to reflect a broker's circular, the major clearing banks made further progress. **Barclays** and **Lloyds** both improved 5 more to 384p and 273p respectively. Elsewhere, the revelation that Ireland is now almost certain to join the projected European Monetary System attracted buyers to **Allied Irish** and **Bank of Ireland**: the former finished 3 to the good at 208p, after 211p, and the latter 5 higher at 400p, after 405p. In Merchant Banks, **Anthony Gibbs** found support at 47p, up 4.

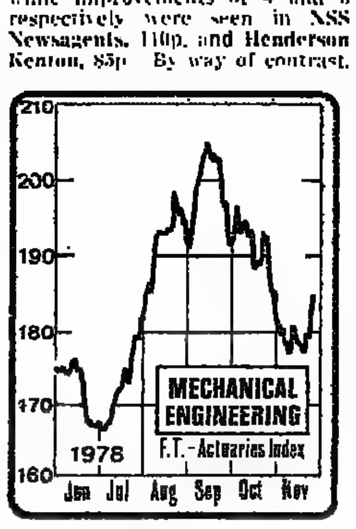
Brentnall Beard stood out in firm Insurances, rising 10 to 48p, after 50p, following news of the bid approach.

In further reflection of the higher dividend and profits, **Matthew Brown** moved ahead 5 to 115p. Among Distillers, **Arthur Bell** improved 4 more to 250p, while **Irish Distillers** added 5 to 102p. A good market recently, **Matthew Clark** slipped 2 to 154p after the chairman had discounted bid rumours.

Buildings encountered a virtual one-way trade and consequently *displayed several notable firm features*. Buyers came in for **Travis and Arnold**, which in a thin market gained 9 to 174p. Similarly, **International Timber** put on 6 to 128p and **Norwest Holst** rose 6 to 94p. **G. H. Downing** added 3 to 124p in response to the satisfactory interim results and cheerful statement. Awaiting today's mid-term figures, **BPB** hardened 3 to 234p and **Cement Roadstone** firmed 2 to 90p on the possibility of Ireland's entry into the European Monetary System. Second thoughts on the interim results left **Streeters of Godalming** 2 better at 22p and unsettled of late by the interim loss, **FPA** rallied a penny to 12p. **Roven** finished unchanged at 38p after being a penny better at one stage after the announcement that the chairman had increased his stake in the company.

ICI traded quietly and firmed 4 to 372p. Elsewhere, **Thurgar Bardex** added a penny to a 1978 peak of 23p.

Encouraged by the optimistic CBI survey and a bullish brokers' circular, Stores moved higher on an increased demand. **Combined English** were particularly favoured at 113p, up 5, while **Gussies A** improved 4 to 308p and **House of Fraser** put on 3 to 130p. **Time Products**, 177p, and **Bambers**, 132p, gained 8 and 11 respectively following a resurgence of speculative buying and **Home Charm**, still on an investment recommendation, firmed 7 more to 215p. In front of today's interim results, **Wallis** added 3 more to 88p and **Amber Day** hardened 1½ to 40p in response to the chairman's encouraging statement. **Sumrie** edged forward a penny to 32p on the increased interim results, while improvements of 4 and 5 respectively were seen in **NSS Newsagents**, 110p, and **Henderson Kenton**, 85p. By way of contrast,



Fine-Art Developments declined 2½ to 30½ following the disappointing interim results.

Much of the day's interest in the Electrical sector centred on secondary stocks where **Comet Radiovision** featured with a rise of 10 to 142p in response to the good interim results and proposed one-for-three scrip issue. **Ferranti** firmed 7 to 372p and **Farnell** put on 8 further to 378p, while **AB Electronic** gained 4 to 146p following the chairman's optimistic remarks on the outlook. **Muirhead** edged up 3 more to 200p in front of today's preliminary figures. Further demand in a market none too well supplied with stock left **Automated Security** 8 to the good at 97p.

Fresh buying interest was shown in **Tubes**, which pushed ahead 10 further to 404p among the Engineering leaders. **Vickers** were also noteworthy for a gain of 5 at 206p, after 208p, on revived nationalisation compensation hopes, while **Hawker** firmed 6 to 234p and **GKN** 4 to 270p. Selective support was again forthcoming for secondary issues where some of the gains were accentuated by stock shortage. **Amalgamated Power** were outstanding at 143p, up 12, along with **Chemring**, 7 to the good at 82p. News of the drilling platform contract for British Petroleum stimulated interest in **Matthew Hall**, 8 higher at 221p; the latter's interim results are due next Monday. **ML Holdings** responded to the dividend-boosting rights issue with a rise of 7½ to 162½p, while the good half-yearly statement prompted a gain of 2 to 141p in **Tecalemit**. **B. Elliott** hardened 2 more to 152p awaiting today's interim results. **Stothert and Pitt** were quoted ex rights at 223p, up 12, while the new shares opened at around 25p premium and touched 45p premium before settling at 43p premium. **Swan Hunter**, a good market of late, came back 4 to 154p awaiting Friday's details of the proposed scheme of arrangement.

In Foods, **Associated Dairies** stood out with a gain of 8 at 192p. Dull of late on the bakery strike, **RHM** firmed 1½ to 52½p, but **A.B. Foods** held at 70p.

Peerage suspended

Peerage of Birmingham rose sharply in early dealings on renewed speculative support and were standing 11 higher at 54p when dealings were suspended at midday pending an announcement. **Diploma Investments** came in for support and put on 8 to 186p, while **National Carbonising** added 4 to 49p on the news that Birmingham and Midland Counties Trust has acquired a near-10 per cent stake. **E. Fogarty**, still on an investment recommendation, advanced 7 more to 139p. Irish issues responded to the news that Eire is almost certain to join the European Monetary System with gains ranging to 8. **James Crean** improved that much to 198p and **Waterford Glass** appreciated 3 to 57p.

BTR, 322p, and **Booker McConnell**, 288p, rose 7 and 8 respectively and **English and Overseas**, 26p, and **Renwick**, 40p, both hardened 2 in response to their respective interim statements. **Brady Industries A**, on the other hand, fell 10 to 72p in reaction to the interim profits setback and **Airfix** shed 4 to 43p following the disappointing first-half figures and cautious remarks about second-half prospects. A selective investment demand in a market none too well supplied with stock enabled the leaders to take the previous day's gains a stage further. **Pilkington** added 12 to 300p and **Reckitt and Colman** 10 to 472p.

Motors took a firmer stance although trading was thin. Among Components, **Lucas** hardened 5 to 305p and **Dowty**, 281p, put on 3 for a two-day rise of 11. **Arlington**, 117p, **Harold Perry**, 110p, **Plaxtons**, 112p, and **Caffyns**, 104p, showed gains of between 4 and 7.

In front of today's half-timer, **Daily Mail A** rose 7 to 388p. Sympathetic response coupled with small buying left **Associated** 4 better at 182p and **United** 8 to the good at 338p. Despite a disappointing six-month performance, **Transparent Paper**, 66½p, improved 1½ following the company's confidence concerning second-half trading.

In quietly firm Properties, **Land Securities** moved up 4 to 241p, after 242p, and **MEPC** firmed 3 to 147p, while **British Land**, 41p, and **Great Portland Estates**, 224p, added 1½ and 4 respectively. Further buying interest lifted **Bellway** 1½ to a high for the year of 79½p, while, following Press comment, **Intereuropean** added a penny to 39p. **Centrovincial Estates Ordinary** hardened a penny to 83p but, now that this year's period for conversion has expired, the Capital shares fell 6 to 75p.

Busier day in Oils

Trading in the Oil leaders was brisker than of late but, after making fresh progress during the morning, prices closed little altered on balance. Ahead of tomorrow's third quarter figures, **British Petroleum** touched 954p before settling at 950p for a rise of only 2 on the day. **Shell** on the other hand, ended 2 cheaper at 592p after having been up to 600p. Among North Sea hopefuls, **Siebens (UK)** moved up 12 to 262p.

In Overseas Traders, **S. and W. Berisford**, 165p, again met interest and added 6 for a two-day rise of 10.

Reflecting the overall firm trend in equity markets, **Trusts** made useful headway. **Rothschild** firmed 5 to 208p and gains of 4 were marked against **Drayton Premier**, 184p, and **Philip Hill**, 178p.

The previous day's modest revival in Shippings was taken a stage further. **British and Commonwealth** improved 5 to 297p and **Furness Withy** 6 to 242p.

In Textiles, **Hicking Pentecost** rallied 6 to 112p following the 76 per cent profits increase in the first six months of trading, while **Parkland A** added 3 to 76p on the interim statement and proposed one-for-10 scrip issue. **Leeds and District Dyers** eased to 61p after the final results, but closed a penny up on balance at 64p. Recently firm **Sirdar** encountered profit-taking and gave up 4 to 73p.

Further consideration of weekend Press comment and some institutional buying helped **Bats** to *a rise of 6 at 292p, after 295p.*

Far-eastern support led to a slight increase in activity in Plantations. **Sungei Krian** rose 8 to 82p in a thin market, while other notable rises included **Guthrie**, 12 higher at 325p, and **Muar River**, 4 to the good at 58p.

Westfield turn easier

Although activity in **Westfield Minerals** was on a smaller scale than the last few days the shares continued to move erratically as continued speculative buying was more than offset by persistent profit-taking.

Consequently, after rising to 385p initially the price dipped to close 10 down on balance at 350p. **Northgate**, 10 cheaper at 430p, fell away in sympathy.

It was another poor day for South African Gold shares with the Gold Mines index falling 4.5 more to 125.3, its lowest level since early September last year. The ex-premium index dropped 3.4 to 93.8.

A combination of a fall in the bullion price, which was finally $2.50 easier at $195.375 per ounce, a lower investment premium and a decline in the Rand rate saw prices drift throughout the day with little sign of any buying interest.

Among heavyweights, **Randfontein** fell ¼ to £11¼, while **Randfontein** registered a year's low of £27, a loss of a half-point.

Of the cheaper-priced issues new lows for the year were seen in **Doornfontein**, 18 off at 206p, **Libanon**, 12 easier at 402p, and **Elsburg**, which lost 8 to 68½p.

South African Financials mirrored Golds, but London-registered issues continued to improve helped by the further rise in the UK equity market. **Rio Tinto-Zinc** added 3 more to 241p. **Gold Fields**, a similar amount firmer at 174p, were additionally aided by the chairman's remarks at the annual meeting.

Australians were mixed. The Rundle oil shale partners both advanced strongly with **Central Pacific** 30 higher at 350p and **Southern Pacific** 20 better at 140p, both following American support.

Whim Creek, 13 firmer at 73p, responded to Irish and London buying. Demand in a restricted market prompted a rise of 7 to 130p in **Hampton Areas**.

OPTIONS

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Nov. 21	Dec. 4	Feb. 22	Mar. 6
Dec. 5	Dec. 18	Mar. 8	Mar. 20
Dec. 19	Jan. 8	Mar. 22	Apr. 3

For rate indications see end of Share Information Service

Stocks favoured for the call included **Premier Oil**, **Barker and Dobson**, **Loraine Gold**, **Dawson International**, **Tesco**, **Cadbury Schweppes**, **Lonrho**, **Central Manufacturing**, **Ladbroke Warrants**, **Manganese Bronze**, **F.N.F.C.**, **F.M.I.**, **De Beers**, **Burmah Oil**, **P and O**, **John Brown** and **Grand Metropolitan**. No puts were reported, although double options were arranged in **Barker and Dobson**, **Matthew Clark**, **Associated Fisheries** and **Associated Leisure**.

FINANCIAL TIMES STOCK INDICES

	Nov. 28	Nov. 27	Nov. 24	Nov. 23	Nov. 22	Nov. 21	A year ago
Government Secs.	68.55	68.58	68.20	68.20	68.51	68.19	73.74
Fixed Interest	69.94	69.89	69.74	69.73	69.64	69.63	[illegible]
Industrial	489.9	484.9	479.9	476.0	476.6	474.0	474.1
Gold Mines	125.3	129.8	134.1	132.9	132.9	132.5	145.2
Gold Mines (Ex-$ pm)	93.8	97.2	98.8	97.6	95.4	96.0	105.4
Ord. Div. Yield	5.88	5.94	5.98	6.04	6.01	6.06	[illegible]
Earnings Y'ld % (full)	15.44	15.56	15.70	15.85	15.77	15.92	[illegible]
P/E Ratio (net) (*)	8.36	8.29	8.22	8.15	8.19	8.11	8.40
Dealings marked	5,155	4,664	4,413	3,980	4,301	4,126	[illegible]
Equity turnover £m.	—	66.82	71.56	73.96	53.11	57.58	[illegible]
Equity bargains total	—	15,640	16,530	15,937	14,656	14,850	[illegible]

10 am 486.7. 11 am 489.8. Noon 489.9. 1 pm 490.0. 2 pm 490.0. 3 pm 489.9.
Latest Index 01-246 8026.
*Nil=8.11.
Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. Ex-$ pm index started June 1972. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1978 High	1978 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	78.58 (5/1)	67.94 (10/11)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	81.27 (6/1)	69.90 (16/11)	150.4 ([illegible])	50.53 ([illegible])
Ind. Ord.	535.5 (14/9)	433.4 ([illegible])	549.2 ([illegible])	49.4 (26/6/40)
Gold Mines	206.8 (14/8)	125.3 (28/11)	442.3 ([illegible])	43.5 ([illegible])
Gold Mines Ex-$ pm	152.3 ([illegible])	90.5 ([illegible])	337.1 ([illegible])	54.3 ([illegible])

S.E. ACTIVITY

	Nov. 28	Nov. 27
Daily		
Gilt Edged	168.4	163.9
Industrials	180.9	159.7
Speculative	35.6	32.2
Totals	117.3	103.7
5-day Average		
Gilt Edged	156.6	[illegible]
Industrials	156.8	147.9
Speculative	25.1	[illegible]
Totals	108.0	[illegible]

NEW HIGHS AND LOWS FOR 1978

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1978.

NEW HIGHS (22)

BRITISH FUNDS (1): Treas. 12½pc 03-05 (£15pd)
BUILDINGS (2): Brownlee; Parker Timber
CHEMICALS (1): Thurgar Bardex
STORES (3): Allied Retailers; Blackman & Conrad; Knott Mill
FOODS (1): Avana
INDUSTRIALS (7): Arenson (A.); Christies Intl.; Clarke (Clement); Davies & Newman; Provincial Laundries; Sotheby (P.B.); Stag Furniture
LEISURE (1): Assoc. Leisure
MOTORS (1): Plaxton's
PROPERTY (2): Bellway; Great Portland
TEXTILES (2): Haggas (J.); Hicking Pentecost
OILS (1)

NEW LOWS (15)

BUILDINGS (1): Jennings
ELECTRICALS (1): Philips Fnce. 5½pc
FOODS (1): Watson & Philip
TEXTILES (1): Hield Bros.
MINES (11): Randfontein Est.; Doornfontein; Elsburg; Libanon; Southvaal; Loraine; Ang. Am. Gold; New Wits; Sentrust; Oakbridge; Whim Creek

YESTERDAY RISES AND FALLS

	Up	Down	Same
British Funds	57	[illegible]	[illegible]
Corpns. Dom. and Foreign Bonds	10	[illegible]	[illegible]
Industrials	[illegible]	[illegible]	[illegible]
Financial and Prop.	[illegible]	[illegible]	[illegible]
Oils	11	[illegible]	[illegible]
Plantation	[illegible]	[illegible]	[illegible]
Mines	[illegible]	[illegible]	[illegible]
Recent Issues	[illegible]	[illegible]	[illegible]
Totals	[illegible]	[illegible]	[illegible]

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1978 high	1978 low
BP	£1	15	930	+2	954	[illegible]
Shell Transport	25p	14	592	−2	602	[illegible]
Beecham "New"	Nil/pd.	13	30pm	+2	30pm	[illegible]
Barclays Bank	£1	10	383	+5	388	[illegible]
ICI	£1	9	372	+4	421	[illegible]
Allied Breweries	25p	8	83	+1	94	[illegible]
BATs Defd.	25p	8	254	+4	308	[illegible]
Marks & Spencer	25p	8	87	+1	94	[illegible]
Vickers	£1	8	206	+5	217	[illegible]
Eng. China Clays	25p	7	78	+1	84	[illegible]
GEC	25p	7	323	+2	340	[illegible]
Glaxo	50p	7	540	+3	648	[illegible]
Grand. Met.	50p	7	110½	+2	121	[illegible]
Imperial Group	25p	7	85	+1	89	[illegible]
Rank Org.	25p	7	252	—	286	[illegible]

APPOINTMENTS

Changes on Electrolux Boards

Mr. N. W. Dewart and Mr. G. P. H. James join the Boards of both ELECTROLUX and ELECTROLUX ASSOCIATED COMPANIES on January 1. Sir Kenneth Allen, on the Board of both companies since 1970, retires at the end of the year.

Mr. Dewart joined Electrolux in 1952 as a production engineer, became manufacturing manager in 1971 and associate director in 1974. He is also a director of Flymo, an associated company.

Mr. James joined the company in 1949, holding various marketing positions, becoming marketing manager in 1971 and an associate director in 1974. He is also managing director of Electrolux (Commercial Equipment) and a director of Swedish Royal Refrigeration.

★

Dr. Allen E. Puckett, formerly president, becomes chairman of the Board and chief executive officer of HUGHES AIRCRAFT COMPANY. He joined the company in 1949, serving in key management positions for nearly three decades, including 13 years as executive vice president. He became president in March, 1977.

Dr. Puckett succeeds Mr. Lawrence A. Hyland (81), who continues as chairman of the executive committee of the Board of directors. Mr. Hyland joined the company in 1954 as vice-president and general manager. He became president on the death of Mr. Howard Hughes in 1976, and chairman of the Board in 1977.

New president is Mr. John H. Richardson, formerly executive vice president. He joined the company in 1948.

★

Mr. Gerry Beyering has been appointed managing director of EMI (NIGERIA), based in Lagos. He was previously with Phonogram and has considerable experience of the record business in Africa, Europe and New Zealand. Mr. Minden Plumley, formerly chairman of EMI (Nigeria), has retired after many years' service in Africa for EMI.

★

Mr. R. P. F. Wright has joined the board of GARTMORE GILT FUND (JERSEY), and Mr. M. C. C. Davies has joined the board of GARTMORE FUND MANAGERS (CHANNEL ISLANDS).

★

Mr. Ian Buck has joined HERON HOMESTEADS, the housebuilding division of Heron Corporation, as finance director designate. Prior to joining Heron he worked with Express Newspapers where he was principally responsible for group commercial property matters.

★

Following the formation of the new Steetley Company, subsidiary STEETLEY CONSTRUCTION MATERIALS with effect from January 1, Mr. R. W. Edwards becomes director and general manager, UK, Mr. J. Godfrey, director and general manager, overseas; and Mr. J. R. M. Edward, finance director.

★

Mr. Gerhard R. Andlinger becomes an executive vice president of INTERNATIONAL TELEPHONE AND TELEGRAPH CORPORATION from January 1. In March he also becomes president of ITT EUROPE INC., succeeding Mr. M. R. Valente, who returns to ITT headquarters, New York, as a member of the office of the chief executive. Mr. Andlinger rejoins ITT from Andlinger and Co. Inc., a private investment banking firm, where he has been president since 1976. Formed in 1976, the company specialised in the acquisition and management of corporate divestitures.

★

THE RUBBER GROWERS' ASSOCIATION has appointed Mr. B. T. W. Stewart, as its new special representative in Malaysia to fill the vacancy left by the death of Tan Sri Sir Claude Fenner. Mr. Stewart takes up his appointment in Kuala Lumpur in January.

★

Mr. Arthur W. Turner, managing director of Dowty Mining Equipment, additionally has been appointed a director of DOWTY MECO. Mr. Turner was managing director of Dowty Boulton Paul from 1968-70, then held senior board appointments within the TI Group before moving to Dowty Mining Equipment in 1974.

★

Mr. Neil Macaulay, joint managing director of FEDERATED LAND AND BUILDING COMPANY, will be retiring at the end of December, but his advice will continue to be available to the group. Mr. James Meyer, chairman and joint managing director, will become sole managing director.

★

Mr. John Dickson has been appointed to the board of FOREST THINNINGS, said to be the largest private timber harvesting and marketing company in the UK, and a member of the Economic Forestry Group. He is a director of Economic Forestry (Scotland) and a former director-general of the Forestry Commission.

★

Mr. Gordon D. J. Hay has been elected as a non-executive director of the board of HOWARD TENENS SERVICES. He is executive chairman of Sekers International and also chairman of Duple International.

★

AB ELECTRONIC PRODUCTS GROUP announces that Mr. George T. Cantlay has retired as chairman but continues as a non-executive director. Mr. Henry J. Kroch has been appointed chairman in addition to being chief executive and Mr. Raymond Cory becomes vice-chairman.

★

The director general of the NATIONAL ECONOMIC DEVELOPMENT OFFICE announces the appointment of Mr. John Tuchfeld as chairman of the industrial electrical equipment sector working party. Mr. Tuchfeld is national industrial officer of the Amalgamated Union of Engineering Workers, technical administrative and supervisory section.

★

The Queen has approved that Dr. Hubert N. Savory, be appointed chairman of the ROYAL COMMISSION ON ANCIENT AND HISTORICAL MONUMENTS IN WALES in succession to Prof. William F. Grimes, whose term of office expires on December 31. Prof. Grimes is retiring after 12 years as chairman. He was appointed a member in 1948. Dr. Savory has been a member of the Commission since 1970. He was Keeper of Archaeology, National Museum of Wales, from 1956-76, as chairman of the *Glamorgan Gwent Archaeological* Trust and a member of the Ancient Monuments Board for Wales.

★

Mr. D. W. A. Macdonald has been appointed a director of THE NORTH BRITISH DISTILLERY CO.

★

CROCKER NATIONAL BANK, based in San Francisco, announces the appointment of Mr. Colin King as vice-president. He will have responsibility for management of Crocker's foreign exchange and money market activities in London. Mr. King was formerly associated with the Irving Trust Company in London.

★

Mr. Colin Bolfield, has been appointed managing director of the BROCKHOUSE GROUP'S castings and forgings division. Mr. David Blackwood has been made general manager and chief executive of Brockhouse Hunt—one of the companies in the Brockhouse castings and forgings division.

★

YOUGHAL CARPETS (HOLDINGS) announce the appointment of Mr. W. J. Scannell as director of the spinning division of the group. He will continue as managing director of the home handicrafts division of the group. Mr. N. A. Walker has been appointed general manager of Youghal Carpets (Yarns).

★

Mr. W. W. Beardmore has joined the Board of ELSON AND ROBBINS as group financial director. He was formerly financial director of Glow-Worm and T.I. Gas Heating, subsidiaries of Tube Investments. Mr. John Shiels, the former group financial director of Elson and Robbins, will remain on the Board until his retirement in two years.

★

Mr. Malcolm Braun has been made financial director of the DELYN GROUP. There are two operating subsidiaries—Delyn Cartons, Caerphilly, manufacturers of multi-coloured cartons and plastic vacuum formed packaging; and Delyn Paper Mills, Hengoed, converters of paper into crepe and giftwrapping. Mr. Braun moved to South Wales in 1969 as financial director of Tudor Accessories, Hengoed, when the company transferred its operations from Hayes, Middlesex. In 1974 he joined Christie Tyler as financial director of Associated Upholstery and spent a year in management consultancy before joining Delyn in July, 1977, as company secretary.

★

Mr. G. C. Bartlett will be joining RABONE CHESTERMAN as managing director on December 1. He was previously a director of GEC Measurements, Stafford.

★

After 40 years' service with the group, and having reached normal retirement age, Mr. W. R. Pierce joint assistant managing director of the DICKINSON ROBINSON GROUP and chief executive of the John Dickinson organisation retires from the board of DRG and its subsidiary and associated companies on November 30.

LONDON TRADED OPTIONS

Option	Exercise price	Jan. Closing offer	Jan. Vol.	April Closing offer	April Vol.	July Closing offer	July Vol.	Equity close
BP	850	120	15	135	15	153	-	949p
BP	900	69	3	98		118	..	..
BP	950	28	21	62	1	77	..	..
Com Union	140	14		18	-	21	10	149p
Com Union	160	3	5	6	5	11	10	..
Cons Gold	160	17	10	25		28	--	170p
Cons Gold	180	6½	22	12	10	18	—	..
Cons Gold	200	1½	25	5½	20	9	—	..
Courtaulds	120	8	10	13½	1	15½	—	122p
Courtaulds	130	3	46	8	25	10½	—	..
GEC	260	72		79	20	--	—	326p
GEC	280	53	13	61		—	—	..
GEC	300	35	..	46	22	55	—	..
GEC	330	15	55	25	-	37	—	..
GEC	360	4½	111	13½	7	--	—	..
Grand Met.	100	14		17½	5	23		111p
Grand Met.	110	6		9	16	14	10	..
Grand Met.	120	1½	17	5½	5	8		..
ICI	330	52		57	5		—	372p
ICI	360	25	20	33	5	44	—	..
ICI	390	8	60	16	25	23	—	..
ICI	420	2	74	6	5	16	—	..
Land Secs.	220	26	1	34	-	38	1	241p
Land Secs.	240	9	5	19½	5	25	—	..
Land Secs.	260	2	-	8½	12		—	..
Marks & Sp.	90	4½	7	7½		10½	-	86p
Marks & Sp.	100	1	.	3½	10		--	..
Shell	550	48	12	70	.	80	..	592p
Shell	600	14	24	30		46	..	..
Totals			557		216		31	

Option	Exercise price	Feb. Closing offer	Feb. Vol.	May Closing offer	May Vol.	Aug. Closing offer	Aug. Vol.	Equity close
BOC Intl.	60	11½	-	12½	2	15½	—	69p
BOC Intl.	70	4½	1	6½	1	7½	—	..
Boots	180	28	3	36	--	40	--	205p
Boots	200	13½	32	22	--	27	-	..
Boots	220	5½	14	15	.	17	—	..
Boots	260	½	1	2½	.		--	..
EMI	160	8½	5	14	.	18	—	152p
EMI	180	3	55	7½	.		.	..
Imperial Gp.	80	9	20	9½	5	11	.	85p
Imperial Gp.	90	2½	28	4	20	6½		..
RTZ	220	39	1	56	.	45		241p
RTZ	240	16	10	26	.	52	24	..
Totals			150		28		24	

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price p	+ or −	Div. Amount	Times Covered	Gross Yield	P/E Ratio
[illegible]	F.P.	24/11	[illegible]	[illegible]	Arncliffe Hldgs.	44	..	2.65	4.4	8.7	7.1
[illegible]	F.P.	-	[illegible]	[illegible]	Ashton Mining 50c	63	..	..	-	-	-
A$1.25	F.P.	-	[illegible]	[illegible]	Gt. West. Farming A$1	103	+1	-	-	-	-
29	F.P.	5/1	[illegible]	[illegible]	Kitchen Queen 10p	30	.	1.34	5.4	6.7	4.8
[illegible]	F.P.	-	[illegible]	[illegible]	Rightwise	118	+1	-	-	-	4.9

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price £	+ or −
[illegible]	F.P.		[illegible]	[illegible]	Anglesey Variable 1983	99½	..
*	£10	4/1	[illegible]	[illegible]	Bristol Waterworks 7% Pref. 1983	10	..
*	£10	26/1	12	[illegible]	Colne Valley Water [illegible] Red. Pref. 1983	12	..
[illegible]	F.P.	16/11	110	[illegible]	Crosby House 10% Conv. [illegible]	110	+3
£1	F.P.	22/12	[illegible]	[illegible]	Newman Inds. 10½% Cnv. Pref.	99p	
[illegible]	F.P.	24/11	150	[illegible]	Prov. Laundries 12% Cnv. Pref.	150	+3
[illegible]	£10	25/1	[illegible]	[illegible]	Rickmansworth & Uxbridge Water [illegible]	9½	..
[illegible]	F.P.		[illegible]	[illegible]	Rightwise 10% Conv. Une. Ln. [illegible]	127	−2
97	F.P.		[illegible]	[illegible]	Seascope 10½% Pref.	98p	....
[illegible]	£50	10/1	[illegible]	[illegible]	Southwark Corp. [illegible] Red. 1987	46¼	..
[illegible]	£10	26/1	[illegible]	[illegible]	West Kent Water 7% Pref. 1983	9½	...

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date ●	Latest Renunc. Date ■	1978 High	1978 Low	Stock	Closing Price p	+ or −
560	F.P.	8/12	12/1	30pm	22pm	Beecham	30pm	+2
17	Nil		—	3½pm	2pm	Boulton (Wm.)	2½pm	....
350	Nil	5/12	21/12	[illegible]	42pm	Brown (J.)	46pm	
67	F.P.	29/11	5/1	77	71½	Capper-Neill	77	+5½
105	Nil		—	5pm	3pm	Clifford (Chas.)	3pm	.....
93	Nil		..	[illegible]	[illegible]	Dixon (D.)	14pm	−½
86	Nil	17/11	8/12	[illegible]	[illegible]	Fothergill & Harvey	111	
130	Nil	8/12	12/1	15pm	10pm	Hoskins & Horton	15pm	−2
74	F.P.	22/12	6/12	[illegible]	[illegible]	Newman Inds.	[illegible]	
185	Nil		-	45pm	25pm	Stothert & Pitt	43pm	
62	Nil		-	8pm	3pm	Term Consulate	8pm	
155	F.P.	8/11	8/12	[illegible]	[illegible]	Time Products	175	+[illegible]

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend; cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. || Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take-over. || Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS — GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Tues., Nov. 28, 1978: Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 33%)	Est. P/E Ratio (Net)	Mon., Nov. 27: Index No.	Fri., Nov. 24: Index No.	Thur., Nov. 23: Index No.	Wed., Nov. 22: Index No.	Year ago (approx.): Index No.
1	CAPITAL GOODS (171)	235.75	+1.2	16.75	5.39	8.18	232.84	229.81	228.41	229.16	[illegible]
2	Building Materials (27)	202.77	+2.0	17.85	5.63	7.75	198.72	195.58	194.92	195.89	[illegible]
3	Contracting, Construction (28)	374.36	+1.6	19.91	4.39	7.21	368.34	365.22	363.56	363.91	[illegible]
4	Electricals (14)	545.27	+0.4	13.46	3.42	10.24	542.85	533.82	530.05	534.19	[illegible]
5	Engineering Contractors (14)	373.39	+1.2	17.45	5.95	7.78	369.05	363.29	357.19	357.07	[illegible]
6	Mechanical Engineering (72)	185.02	+1.5	18.15	6.04	7.34	182.35	180.18	179.33	179.55	[illegible]
8	Metals and Metal Forming (16)	165.55	+1.2	16.57	8.63	8.39	163.58	162.70	161.61	161.38	[illegible]
	CONSUMER GOODS										
11	(DURABLE) (53)	207.71	+1.1	16.78	5.15	7.94	205.43	202.77	201.49	202.43	[illegible]
12	Lt. Electronics, Radio, TV (16)	257.84	+1.0	14.09	3.98	9.95	255.24	250.76	249.18	249.62	[illegible]
13	Household Goods (12)	174.09	+1.1	17.35	6.54	7.91	172.28	171.50	171.42	171.55	[illegible]
14	Motors and Distributors (25)	122.61	+1.3	21.26	6.87	5.90	121.08	120.25	119.27	120.57	[illegible]
	CONSUMER GOODS										
21	(NON-DURABLE) (172)	211.37	+1.1	15.85	5.93	8.49	209.02	207.17	205.76	207.26	[illegible]
22	Breweries (14)	228.21	+0.7	14.87	6.25	9.36	226.57	227.06	225.01	227.47	[illegible]
23	Wines and Spirits (6)	287.09	+0.2	15.34	5.01	9.56	286.61	282.33	280.91	283.91	[illegible]
24	Entertainment, Catering (17)	264.59	+1.3	14.01	6.65	10.41	261.29	258.69	257.06	258.67	[illegible]
25	Food Manufacturing (19)	206.70	+1.2	18.43	5.40	7.24	204.30	203.39	202.89	203.49	[illegible]
26	Food Retailing (15)	227.08	+1.4	13.74	5.21	10.18	224.02	221.48	220.38	223.31	[illegible]
32	Newspapers, Publishing (12)	368.95	+1.3	21.80	6.58	6.47	364.15	364.88	367.60	370.37	[illegible]
33	Packaging and Paper (15)	136.50	+0.7	19.46	7.59	6.70	135.61	134.32	132.40	132.40	[illegible]
34	Stores (40)	198.78	+1.1	11.58	4.67	12.41	196.56	194.59	192.60	194.88	[illegible]
35	Textiles (25)	181.33	+1.3	17.88	8.13	7.25	179.07	178.41	176.26	176.01	[illegible]
36	Tobaccos (3)	239.85	+1.8	23.13	7.83	5.11	235.60	230.54	230.54	231.33	[illegible]
37	Toys and Games (6)	95.66	+0.4	23.46	6.76	5.01	95.23	94.34	94.20	93.53	[illegible]
41	OTHER GROUPS (99)	197.69	+1.1	15.74	6.25	8.16	195.56	194.34	192.67	193.67	[illegible]
42	Chemicals (19)	280.02	+1.1	16.34	6.75	7.96	277.08	274.68	271.77	274.77	[illegible]
43	Pharmaceutical Products (7)	245.67	+0.9	11.30	4.73	10.73	243.40	245.57	243.03	242.99	[illegible]
44	Office Equipment (6)	131.53	+0.3	18.47	5.80	6.45	131.16	128.74	127.13	128.01	[illegible]
45	Shipping (10)	409.39	+1.0	14.78	7.43	8.59	405.29	401.55	400.80	399.75	[illegible]
46	Miscellaneous (57)	214.91	+1.4	17.55	6.56	7.55	212.08	209.77	208.55	209.35	[illegible]
49	INDUSTRIAL GROUP (495)	220.62	+1.1	16.12	5.81	8.29	218.12	216.03	214.52	215.71	[illegible]
51	Oils (5)	531.06	−0.1	13.16	3.79	8.25	531.33	523.43	515.74	518.97	[illegible]
59	500 SHARE INDEX	246.23	+1.0	15.66	5.49	8.28	243.91	241.36	239.37	240.74	[illegible]
61	FINANCIAL GROUP (100)	168.93	+1.2	—	5.78	—	166.94	163.97	163.48	163.68	157.67
62	Banks (6)	195.37	+1.3	23.89	6.00	6.28	192.86	187.56	188.05	187.77	185.10
63	Discount Houses (10)	212.68	+1.8	—	8.27	—	209.00	208.10	207.96	207.72	195.00
64	Hire Purchase (5)	145.81	+1.3	16.71	5.65	7.90	144.00	140.16	139.98	139.03	153.77
65	Insurance (Life) (10)	138.61	+1.4	—	6.77	—	136.66	134.15	133.49	133.62	127.59
66	Insurance (Composite) (7)	127.26	+1.2	—	6.89	—	125.71	123.33	123.26	123.54	125.01
67	Insurance Brokers (10)	324.12	+0.6	14.74	5.16	9.68	322.25	316.32	316.15	317.42	324.00
68	Merchant Banks (14)	76.69	+0.5	—	6.39	—	76.32	76.14	76.02	76.07	[illegible]
69	Property (31)	260.08	+1.2	3.58	2.92	46.48	256.95	254.84	250.77	251.43	210.39
70	Miscellaneous (7)	108.08	+1.1	23.41	7.67	5.53	106.86	106.89	107.01	106.96	99.99
71	Investment Trusts (50)	209.39	+1.3	—	5.11	—	206.76	204.92	204.05	203.10	192.11
81	Mining Finance (4)	102.68	+1.0	18.31	6.93	6.73	101.69	100.99	100.79	100.41	[illegible]
91	Overseas Traders (19)	301.85	+1.4	16.31	7.73	7.68	297.72	298.46	299.94	304.84	265.75
99	ALL-SHARE INDEX (673)	225.12	+1.0	—	5.60	—	222.85	220.35	218.85	219.84	202.90

FIXED INTEREST PRICE INDICES

	British Government	Tues., Nov. 28	Day's change %	xd adj. To-day	xd adj. 1978 to date
1	Under 5 years	103.53	+0.10	—	8.19
2	5-15 years	112.39	+0.26	—	8.48
3	Over 15 years	116.69	+0.27	—	12.55
4	Irredeemables	121.71	+0.45	—	13.32
5	All stocks	110.27	+0.21	—	9.95

FIXED INTEREST YIELDS Br. Govt. Av. Gross Red.

			Tues., Nov. 28	Mon., Nov. 27	Year ago (approx.)
1	Low Coupons	5 years	9.54	9.56	7.27
2		15 years	11.48	11.52	[illegible]
3		25 years	12.16	12.19	[illegible]
4	Medium Coupons	5 years	12.59	12.64	[illegible]
5		15 years	12.69	12.72	10.84
6		25 years	12.69	12.72	11.05
7	High Coupons	5 years	12.56	12.60	[illegible]
8		15 years	13.25	13.26	[illegible]
9		25 years	13.27	13.31	[illegible]
10	Irredeemables		12.05	12.08	10.63

		Tues., Nov. 28 Index No.	Yield %	Mon., Nov. 27	Fri., Nov. 24	Thurs., Nov. 23	Wed., Nov. 22	Tues., Nov. 21	Mon., Nov. 20	Friday Nov. 17	Year ago (approx.)
15	20-yr. Red. Deb & Loans (15)	55.20	13.44	55.16	55.22	55.22	55.14	55.14	54.14	55.14	[illegible]
16	Investment Trust Prefs. (15)	51.16	13.65	51.26	52.61	51.26	51.54	51.54	51.54	51.54	[illegible]
17	Coml. and Indl. Prefs. (20)	71.79	15.05	71.42	71.42	71.42	71.62	71.62	71.62	71.61	77.19

1 Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p, by post 22p.

مطابق للأصل

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. Ltd. (a)

Allied Hambro Group (a)(g)

Anderson Unit Trust Managers Ltd.

Ansbacher Unit Mgmt. Co. Ltd.

Arbuthnot Securities Ltd. (a)(c)

Archway Unit Tst. Mgs. Ltd.(a)(c)

Barclays Unicorn Ltd. (a)(c)(g)

Baring Brothers & Co. Ltd.(a)(x)

Bishopsgate Progressive Mgmt. Co.

Bridge Fund Managers (a) (c)

Britannia Trust Management (a)(g)

The British Life Office Ltd.(a)

Brown Shipley & Co. Ltd.

Canada Life Unit Tst. Mngrs. Ltd.

Capel (James) Mngt. Ltd.

Carliol Unit Fd. Mgrs. Ltd. (a)(c)

Charities Official Invest. Fd.

Chieftain Trust Managers Ltd.(a)(g)

Confederation Funds Mgt. Ltd.(a)

Cosmopolitan Fund Managers.

Crescent Unit Tst. Mgrs. Ltd. (a)(g)

Discretionary Unit Fund Managers

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Emson & Dudley Tst. Mngmnt. Ltd.

Equity & Law Un. Tr. M.(a)(b)(c)

James Finlay Unit Trust Mngt. Ltd.

Framlington Unit Mgt. Ltd. (a)

Friends' Provdt. Unit Tr. Mgrs.

G.T. Unit Managers Ltd.

G. & A. Trust (a)(g)

Gartmore Fund Managers (a)(g)

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Govett (John)

Grieveson Management Co. Ltd.

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Hill Samuel Unit Tst. Mgrs.

Intel.

Key Fund Managers Ltd. (a)(g)

Kleinwort Benson Unit Managers

L & C Unit Trust Management Ltd.

Lawson Secs. Ltd. (a)(c)

Legal & General Tyndall Fund

Leonine Administration Ltd.

Lloyds Bk. Unit Tst. Mngrs. Ltd.

Lloyd's Life Unit Tst. Mngrs. Ltd.

M & G Group (y)(c)(z)

Manulife Management Ltd.

Mayflower Management Co. Ltd.

Mercury Fund Managers Ltd.

Midland Bank Group Unit Trust Managers Ltd.

Minster Fund Managers Ltd.

MLA Unit Trust Mgemnt. Ltd.

Murray Johnstone U.T. Mgmt. (a)

Mutual Unit Trust Managers (a)(g)

National and Commercial

National Provident Inv. Mngrs. Ltd.

National Westminster (a)

NEL Trust Managers Ltd. (a)(g)

Norwich Union Insurance Group (b)

Pearl Trust Managers Ltd. (a)(g)(z)

Pelican Units Admin. Ltd. (g)(x)

Perpetual Unit Trust Mngmt.(a)

Piccadilly Unit Trust (a)(b)

Practical Invest. Co. Ltd. (y)(c)

Provincial Life Inv. Co. Ltd.

Prudl. Portfolio Mngrs. Ltd.(a)(b)(c)

Quilter Management Co. Ltd.

Reliance Unit Mgrs. Ltd.

Ridgefield Management Ltd.

Rothschild Asset Management (g)

Rothschild & Lowndes Mgmt. (a)

Rowan Unit Trust Mngt. Ltd.(a)

Royal Tst. Can. Fd. Mgrs. Ltd.

Save & Prosper Group

Save & Prosper continued

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Schlesinger Trust Mngrs. Ltd. (a)(z)

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Scottish Equitable Fnd. Mgrs. Ltd.

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Trades Union Unit Tst. Managers

Transatlantic and Gen. Secs. Co.

Tyndall Managers Ltd.

TSB Unit Trusts (y)

Ulster Bank (a)

Unit Trust Account & Mgmt. Ltd.

Wieler Growth Fund

CORAL INDEX: Close 489-494

INSURANCE BASE RATES

†Property Growth	10¼%
†Vanbrugh Guaranteed	10.75%

†Address shown under Insurance and Property Bond Table.

INSURANCE AND PROPERTY BONDS

Abbey Life Assurance Co. Ltd.

Albany Life Assurance Co. Ltd.

AMEV Life Assurance Ltd.

Barclays Life Assur. Co. Ltd.

Beehive Life Assur. Co. Ltd.

Canada Life Assurance Co.

Cannon Assurance Ltd.

Capital Life Assurance

Charterhouse Magna Gp.

City of Westminster Assur. Co. Ltd.

City of Westminster Assur. Soc. Ltd.

Commercial Union Group

Confederation Life Insurance Co.

Cornhill Insurance Co. Ltd.

Credit & Commerce Insurance

Crown Life Assurance Co. Ltd.

Crusader Insurance Co. Ltd.

Eagle Star Insur/Midland Assur.

Equity & Law Life Ass. Soc. Ltd.

General Portfolio Life Ins. C. Ltd.

Gresham Life Ass. Soc. Ltd.

Growth & Sec. Life Ass. Soc. Ltd.

Guardian Royal Exchange

Hambro Life Assurance Limited

Hearts of Oak Benefit Society

Hill Samuel Life Assur. Ltd.

Imperial Life Ass. Co. of Canada

Irish Life Assurance Co. Ltd.

King & Shaxson Ltd.

Langham Life Assurance Co. Ltd.

Legal & General (Unit Assur.) Ltd.

Legal & General Prop. Fd. Mgrs. Ltd.

Life Assur. Co. of Pennsylvania

Lloyds Bk. Unit Tst. Mngrs. Ltd.

Lloyds Life Assurance

London Indemnity & Gnl. Ins. Co. Ltd.

The London & Manchester Ass. Gp.

M & G Group

Merchant Investors Assurance

NEL Pensions Ltd.

NPI Pensions Management Ltd.

New Zealand Ins. Co. (U.K.) Ltd.

Norwich Union Insurance Group

Pearl Assurance (Unit Fds.) Ltd.

Phoenix Assurance Co. Ltd.

Prop. Equity & Life Ass. Co.

Property Growth Assur. Co. Ltd.

Providence Capitol Life Ass. Co. Ltd.

Provincial Life Assurance Co. Ltd.

Prudential Pensions Limited

Reliance Mutual

Rothschild Asset Management

Royal Insurance Group

Save & Prosper Group

Schroder Life Group

Scottish Widows' Group

Solar Life Assurance Limited

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Sun Alliance Linked Life Ins. Ltd.

Sun Life of Canada (U.K.) Ltd.

Target Life Assurance Co. Ltd.

Transinternational Life Ins. Co. Ltd.

Trident Life Assurance Co. Ltd.

Tyndall Assurance/Pensions

Vanbrugh Life Assurance

Vanbrugh Pensions Limited

Welfare Insurance Co. Ltd.

Windsor Life Assur. Co. Ltd.

OFFSHORE AND OVERSEAS FUNDS

Alexander Fund

Allen Harvey & Ross Inv. Mgt. (C.I.)

Arbuthnot Securities (C.I.) Limited

Australian Selection Fund NV

Bank of America International S.A.

Banque Bruxelles Lambert

Barclays Unicorn Int. (Ch. Is.) Ltd.

Barclays Unicorn Int. (I. O. Man) Ltd.

Bishopsgate Commodity Ser. Ltd.

Bridge Management Ltd.

Britannia Tst. Mngmt. (CI) Ltd.

Brown Shipley Tst. Co. (Jersey) Ltd.

Butterfield Management Co. Ltd.

Capital International S.A.

For Central Assets Mgt. Ltd. see under Keyser Ullman Ltd.

Charterhouse Japhet

Clive Investments (Jersey) Ltd.

Cornhill Ins. (Guernsey) Ltd.

DWS Deutsche Ges. F. Wertpapiersp

Delta Group

Deutscher Investment-Trust

Dreyfus Intercontinental Inv. Fd.

Emson & Dudley Tst.Mgt.Jrsy.Ltd.

The English Association

Eurobond Holdings N.V.

F. & C. Mgmt. Ltd. Inv. Advisers

Fidelity Mgmt. & Res. (Bda) Ltd.

Fidelity Mgmt. Research (Jersey) Ltd.

First Viking Commodity Trusts

Fleming Japan Fund S.A.

Free World Fund Ltd.

G.T. Management Ltd.

Gartmore Invest. Ltd. Ldn. Agts.

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Henderson Baring Fund Mgrs. Ltd.

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Hill Samuel Invest. Mgmt. Intnl.

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World Wide Growth Management

NOTES

Prices do not include $ premium, except where indicated ♦, and are in pence unless otherwise indicated. Yields % shown in last column allow for all buying expenses. a Offered prices include all expenses. b To-day's prices. c Yield based on offer price. d Estimated. g To-day's opening price. h Distribution free of U.K. taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Net of tax on realised capital gains unless indicated by ♦. ♦ Guernsey gross. ♦ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision.

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LOANS

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

1978 High	Low	Stock	Price £	+ or —	Div. % Gross	Red. Yield
24	17	Antofagasta Rly.	23½	.....	—	—
41	33	Do. 5pc Pref.	39½	.....	1½p	—
93	95	Chilean Mixed	98	.....	—	15.10
415	350	German Yng. 4½pc	411	.....	4½	—
54	46	Greek 7pc Ass.	50	.....	3½	17.20
51	46	Do. 6pc 28 Stab. Ass.	49	.....	6	16.24
41	40	Do. 4pc Mixed Ass.	40	.....	4	15.13

BONDS & RAILS—Cont.

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

S.E. List Premium [illegible] (based on [illegible] per £)

Conversion factor [illegible]

CANADIANS

S.E. List Premium 34¼% (based on $2.2885 per £)

BANKS AND HIRE PURCHASE

1978 High	Low	Stock	Price	+ or —	Div. Net	C'vr	Gr's	P/E
130	93	Guinness Peat	115	.....	h5.15	—	6.7	—
217	165	Hambros	155xd	-3	†9.76	—	9.4	—
100	81	Hill Samuel	86	+1	†4.97	—	8.6	—
600	187	Do. Warrants	200	+13	—	—	—	—
360	203	Hong Shng. $2.50.	242	.....	hQ59c	—	2.9	—
69	52	Jessel Toynbee	64	+2	†h3.32	—	7.7	—
215	150	Joseph (Leo) £1	150xd	.....	8.74	—	8.7	—
55	37	Keyser Ullmann.	48	.....	0.67	—	2.1	—
74	56	King & Shax 20p.	62	+2	3.44	—	8.4	—
114	88	Kleinwort B.L.	90	+1	†4.18	—	6.9	—
297	242	Lloyds £1	273	+5	†9.23	4.8	5.0	6.2

BANKS & HP—Continued

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INDUSTRIALS—Continued

INSURANCE—Continued

1978 High	Low	Stock	Price	+ or —	Div Net	Cvr	Y'ld Gr's	P/E
272	216	Pearl 5p	236	+2	12.78	—	8.1	—
292	216	Phoenix	238	+2	†10.51	—	6.6	—
144	120	Provident "A"	137xd	.....	†8.29	—	9.0	—
142	120	Do. "B"	130xd	.....	†8.29	—	9.5	—
173	125	Prudential 5p	152	+3	†6.75	—	6.6	—
148	125	Refuge 5p	138	.....	8.22	—	8.9	—
425	336	Royal	370xd	+4	†16.7	—	6.7	—
475	310	Sedg. Forbes 10p	410#	.....	†9.74	3.3	3.5	13.2
113	91	Stenhouse	97	.....	†4.11	2.7	6.3	7.4
646	482	Sun Alliance £1	524	+6	†20.46	—	5.8	—
127	91	Sun Life 5p	105	+2	3.48	—	4.9	—
£10	679	Taisho Mar. Y50	863	−22	Q10%	—	0.6	—
180	155	Trade Indemnity	170	.....	†8.60	—	7.6	—
£31½	£17⅝	Travelers $2.50	£23⅝	+¼	Q$1.68	—	3.6	—
303	227	Willis Faber	239	+1	†9.14	2.4	5.7	10.9

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Motors and Cycles

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NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

INSURANCE

PROPERTY—Continued

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SHIPPING

SHOES AND LEATHER

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TEXTILES

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TRUSTS, FINANCE, LAND

Investment Trusts

INV. TRUSTS—Continued

Finance, Land, etc.

FINANCE, LAND—Continued

OILS

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

CENTRAL RAND

EASTERN RAND

FAR WEST RAND

O.F.S.

FINANCE

DIAMOND AND PLATINUM

CENTRAL AFRICAN

MINES—Continued

AUSTRALIAN

TINS

COPPER

MISCELLANEOUS

GOLDS EX-$ PREMIUM

London quotations for selected South African gold mining shares in U.S. currency excluding the investment dollar premium. These prices are available only to non-UK residents.

High	Low	Stock	Price	+ or —	Div Net	Cvr	Y'ld Gr's
$15½	$10¼	Buffels R1	$10⅝	−¼	Q170c	1.8	18.9
$11½	830c	East Drie R1	855c	−20	†Q78c	1.7	10.5
565c	330c	East Rand Pro. R1	375c	−5	—	—	—
$23[illegible]	$16½	F.S. Geduld 50c	$17¼	−¾	Q315c	♦	21.1
$15[illegible]	975c	Pres. Brand 50c	$10¾	−¼	Q150c	♦	16.1
$13½	900c	St. Helena R1	975c	−25	Q190c	♦	22.5
465c	313c	Stilfontein 50c	380c	.....	†Q22c	2.3	6.7
$17¾	$16½	Vaal Reefs 50c	$17⅛	−⅛	Q115c	3.5	7.7
$37	$25	West Drie R1	$28	−½	Q385c	1.7	15.9
$31¼	$15	West Hldgs. 50c	$20½	−1	Q415c	♦	23.4
$12½	895c	Western Deep R2	975c	−37	Q82.5c	2.4	9.8

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 34 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- Sterling denominated securities which include investment dollar premium.
- "Tap" Stock.
- Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- Interim since increased or resumed.
- Interim since reduced, passed or deferred.
- Tax-free to non-residents on application.
- Figures or report awaited.
- Unlisted security.
- Price at time of suspension.
- Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- Merger bid or reorganisation in progress.
- Not comparable.
- Same interim; reduced final and/or reduced earnings indicated.
- Forecast dividend; cover on earnings updated by latest interim statement.
- Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- Excluding a final dividend declaration.
- Regional price.
- No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend; cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend; cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment; Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 34

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REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

IRISH

OPTIONS

3-month Call Rates

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES
Wednesday November 29 1978

NATIONAL INSTITUTE OF ECONOMIC AND SOCIAL RESEARCH REVIEW

'Higher expansion rate likely'

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE BRITISH economy should continue to expand during the next 12 months at above the rate of recent years, though the medium-term prospects are "not too encouraging," according to the new quarterly review from the National Institute of Economic and Social Research.

The institute, an independent research body, presents a distinctly less gloomy view of the short-term outlook for output than set out in the latest Treasury forecasts a fortnight ago.

The review, published this morning, projects a 3.8 per cent ris next year in output, as measured by Gross Domestic Product at 1975 prices, with a £650m surplus on the current account of the balance of payments.

This compares with a 2.4 per cent rise in output and a £250m current account deficit projected for 1979 by the Treasury.

The main difference between the institute and the Treasury and other forecasters is that the former is more optimistic about the prospects for a further rise in fixed investment and, because of North Sea oil, less pessimistic about the expected increase in imports.

Consequently, the institute expects adult unemployment in Great Britain to fall from its present level of 1.28m to a little more than 1.2m by the end of next year.

But a distinctly less rosy view of the prospects over the next five years as a whole, is presented in a special article on the medium-term constraints on the UK economy.

This suggests that if the current account is required to be in equilibrium and present policies are continued, output may be able to grow by only between 2 and 3 per cent a year.

On this basis, the article makes illustrative calculations of possible levels of unemployment in 1983—ranging from 1.1m to 2.3m depending not only on the growth in output but also on how far the growth of productivity improves from its recent low levels.

The review also considers ways in which a limited amount of work might be shared, but concludes that a shorter working week, as advocated by many trades unions, is not a promising escape route from the need to improve competitiveness.

The most likely outcome of a reduction in the working week would be a rise in unit labour costs and a loss of real output and income in the UK, without any perceptible effect on unemployment, unless the reduction in hours also occurred in other countries.

The review sees the most immediate problem as containing inflation. On the assumption of a 12 per cent rise in average earnings in this pay round, it forecasts a rise in the rate of consumer price inflation from just over 8 per cent this year to between 9 and 9½ per cent next year and in 1980.

The institute renews its call for a reform of the wage-bargaining system for planning to start now on devising a workable long-term incomes policy.

The monetarist analysis of inflation is challenged by the institute, which argues that any direct link from the money supply to the exchange rate through expectations and interest rates, is likely to be weak and will certainly by transitory. The institute argues that the causation runs from inflation to the exchange rate and (less clearly) from inflation to the money supply.

Editorial Comment Page 20
Details Page 26

Peace move fails at Times

By Alan Pike, Labour Correspondent

SUSPENSION of all Times Newspapers' publication after tomorrow's edition of the Times remains set to go ahead in spite of an attempted peace move yesterday.

The executive of the National Society of Operative Printers, Graphical and Media Personnel, yesterday undertook to recommend acceptance of the company's proposals for a new disputes procedure to its chapels (office sections) and branches provided Times Newspapers lifted the proposed suspension. Today, the executive of another leading print union, the Society of Graphical and Allied Trades, is likely to add its endorsement to the new disputes procedure.

Mr. Owen O'Brien, general secretary of NATSOPA, wrote yesterday to the Prime Minister and Mr. Albert Booth, Employment Secretary, informing them of his executive's move. He said that efforts to obtain chapel approval of the new disputes procedure, which offered the company the continuity of production it was seeking, could begin swiftly.

NGA stand

However, Times Newspapers said last night that the NATSOPA initiative would need to be supported by all unions, including the National Graphical Association, which has refused to meet the company as long as the threat that it will suspend publication stands. Agreement would also have to be reached on issues including reduced manning and introduction of new technology.

Mr. Joe Wade, general secretary of the NGA, reiterated last night that his union would not meet the company unless the suspension threat was completely lifted. In these circumstances the union would talk, but would never concede the principle of direct input into the composing system by journalists and advertising staff.

National Union of Journalists members on the Sunday Times yesterday reached agreement with the company on terms and conditions for their work. The NUJ chapel endorsed the agreement almost unanimously, but expressed its "disappointment and dismay" at the handling of the present crisis by the company.

Hundreds of print workers and other trade unionists joined MPs and union leaders at a rally and parliamentary lobby in London yesterday to protest against the proposed suspension of Times publication.

Provincial journalists dispute Page 8

THE LEX COLUMN

Euromarket banks feel the pinch

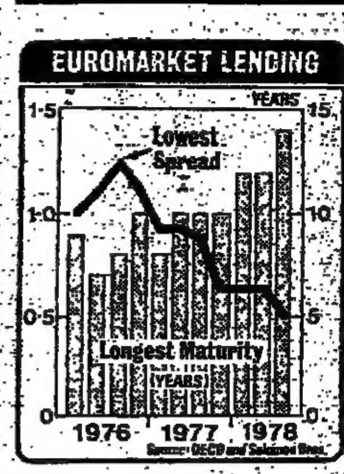
Index rose 5.0 to 489.9

A few months ago there seemed signs that the continued decline in spreads of international bank lending had finally bottomed out. However, the UK Electricity Council dashed the hopes of the more profit conscious members of the banking community when it announced in August a $500m 10-year loan from a group of Japanese banks on some of the tightest terms seen for a long time. Since then spreads have been under further pressure and loan maturities have continued to lengthen.

In earlier periods, such as 1972-73, when lending spreads have been under intense pressure, the U.S. banks have been the price leaders and were able to prevent margins dropping too low. However, the interesting point about the latest squeeze on margins and lengthening of maturities is that non-American banks have been at the forefront of the competition. Many of these banks do not have to observe as conservative capital ratios as the U.S. banks. In addition, the tendency to repay and/or refinance older euroborrowings has significantly added to the pressure on spreads. It has been estimated that during the first three quarters of 1978 some $8bn to $10bn of loans fall under this category and that another 15 - 20 per cent of total eurocurrency loans mature next year. Competition for business is such that banks are replacing the profitable loans of 1974/75 with only marginally profitable new business.

Many bankers feel that the recent $600m loan for Electricite de France at a spread of ½ per cent over Libor for 10 years marks the low point for spreads. However, Salomon Brothers, in a recent study of Eurocurrency profitability, feels that there will not be any real improvement until the second half of next year; and in the meantime loan maturities are likely to lengthen further.

EUROMARKET LENDING



Source: OECD and Salomon Bros.

Inchcape Group

The skids have been under the Inchcape Group's share price ever since May, when it briefly topped 440p, and some of the market's worst recent fears are confirmed by last night's statement on commodity trading losses by the group's Dutch subsidiary Harborn Holding B.V. It now turns out that losses or provisions totalling £6.5m were charged in the last accounts to cover losses at Harborn — representing around a tenth of group profits. Now it appears that the current year will be charged another £18m of realised or unrealised losses.

Inchcape claims that its strength lies in its geographical spread and diversity—but it hardly looks from the Harborn case as though its financial controls are always of the appropriate standard. The shares, now 333p, face a poor set of interim results in January.

Comet

The marked upturn in consumer spending on durable goods which has been developing over the past year has done wonders for Comet Radiovision. Yesterday's figures show pre-tax profits for the year up 65 per cent at £6.3m, on a sales increase of 49 per cent. Moreover, whereas the interim sales increase was 40 per cent the second half gain comes out at an impressive 63 per cent. Admittedly the comparison is with a poor corresponding period; the marginal impact shows strikingly in the second half pre-tax profits boost of 200 per cent.

At best, volume gains for the durable goods retailing sector have been running at 10 per cent in the second six months. So, allowing for inflation, it is clear that Comet has achieved useful gains in market share, which may now be of the order of 7 per cent. Comet sees the development of the experimental McOnomy stores, with a wide range of non-electrical goods, as a possible second leg for growth in the future. But for the present Comet is still talking of strong sales gains in its current ranges, particularly in white goods. This could provide scope for another above-average dividend boost—on top of yesterday's increase of 54 per cent in this year's pay out.

Gold traders

For the first time since 1954 the Bank of England has seen fit to appoint a non-bank, Derby and Co., as an authorised gold dealer. The move is interesting not so much because it is the first new face to appear for nearly 25 years, but because it threatens to upset the cosy camaraderie of the London bullion market. The question now is how the five houses which fix the gold price daily will treat this new arrival.

Derby and Co. is part of the giant U.S. Engelhard Minerals and Chemicals Corp., in which the Anglo American group has a very sizeable indirect stake. Anglo controls well over a quarter of the total free world gold output. Consequently, it would seem hard to justify excluding Derby and Co. from the daily London fixings if it applied to join. But that, apparently, is not the way it works. Derby has to be "invited" to join and no-one seems to have got round to doing that yet. Perhaps the London bullion market can remain a closed shop for a while longer.

Nat. Institute

The latest issue of the National Institute Economic Review takes a cautiously optimistic view of interest rates. Short rates are expected to fall back soon from their present exceptionally high levels, but they will stay "relatively" high during the period to next October. But the National Institute is not risking any detailed financial forecasts beyond next April and it is not making a stab at the pattern of long-term rates as it sometimes has in the past.

Inflation is forecast to accelerate to 9.8 per cent in the second quarter of 1979, falling back a little to 9 per cent during 1980. This kind of expectation does not leave much scope for a really substantial drop in rates at the long end. Still, the gilt-edged market has now edged up to tap levels and the Government broker modestly showed his hand yesterday, supplying the odd few million pounds of both the long and medium taps at a fraction above the issue prices.

Exchange control fear starts cash flow into Ireland

By Stewart Dalby

MORE THAN £20m, much of it from the UK, was estimated to have flowed into Irish gilts and equities yesterday as speculation mounted that the imposition of exchange controls by the Dublin Government against sterling is imminent.

The Irish Finance Ministry denied that new controls are to be introduced immediately. It said, however, that legislation enabling sterling to be controlled like any other foreign currency is being finalised.

At the moment, the Irish pound has a parity link with sterling. There is completely free movement between the two currencies, although legally the Irish pound has been a separate currency since Ireland's Central Bank Act, 1972.

Mr. Patrick Hillery, President of the Republic, is expected to sign into law today the Exchange Control Continuance and Amendment Bill. It has already gone through the Dail, the lower house of parliament, and its passage through the Senate today will be a formality.

The Bill is an updating of a 1954 Act which allowed the central bank to control dealings in most foreign currencies, but not sterling.

The legislation is seen as a preliminary move to enable Ireland to impose stringent exchange controls if it enters the projected European Monetary System, and possibly cuts the link with sterling.

The £20m which is thought to have been invested in Irish gilts and equities yesterday is considered a heavy inflow in the context of the Irish economy. The republic's gross national product this year will be only around £6.5bn.

It has been estimated by at least one economic research institute in Dublin that funds of this magnitude could move the value of the Irish pound upwards against sterling.

Ireland has said that it now proposes to enter the EMS whether or not Britain participates, provided its major condition of a transfer of resources is met.

Callaghan to launch microelectronics drive

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

THE Prime Minister will launch a concerted Government campaign next Wednesday to speed up the application of microelectronics in industry with the help of more than £50m in State aid, and other initiatives.

The public sector is to be encouraged to take a lead in experiments in using microelectronics and a big effort will be made to train at least 3,000 to 4,000 people quickly in computer software skills.

Next Wednesday's meeting of the National Economic Development Council has been chosen by the Prime Minister for launching the campaign and for involving all sections of Government and industry in their first round-table debate on the implications.

Mr. Callaghan, who usually goes to the council only once or twice a year, will take the chair. Government departments, the National Enterprise Board, and the National Economic Development Office will contribute, and representatives of the Confederation of British Industry and TUC will join in the debate.

Mr. Callaghan's and his colleagues' main theme will be that the most serious constraint to the adoption of advanced microprocessors in industry is not finance but lack of skilled manpower.

Proposals will therefore be made that the Manpower Services Commision and individual industry training boards should rapidly arrange training for skilled people who are needed to design and operate new electronic technology in a wide range of industries.

It will be emphasised that although the new technologies will cause some jobs to disappear, the overall result might be to increase employment, provided wide-ranging action is taken quickly enough.

State aid

Work to be undertaken by the Department of Education and Science in a national programme to involve school and colleges will also be discussed.

The increased State aid will come through putting the Government's initial £15m microprocessor application scheme on a permanent basis.

The scheme, launched in July under the Science and Technology Act, 1965, is to be enlarged so that £50m to £60m or more is available to help industries to apply microelectronic techniques.

That is in addition to the National Enterprise Board's £50m Inmos venture and a separate £70m scheme also launched in July, to help to develop and make microelectronics products. A separate computer software aid scheme is also to be improved.

The proposals constitute the formal response by the Government to the ideas put forward in September by its Advisory Council for Applied Research and Development.

One item highlighted by the council was the need for the public sector to take the lead. The Government will, as a result, say next Wednesday that purchasing policies of public-sector bodies should be revised to take account of microelectronics developments and that they should be prepared to play a "guinea pig" role, even at the risk of failures.

U.S. to launch DM2.5bn bonds issue in Germany

BY JOHN WICKS

ZURICH, Nov. 28.

THE U.S. Government will launch a bond issue of DM 2.5bn to 3bn (£670-£800bn) in West Germany in the first half of December: the first stage in its plan announced at the start of the month to borrow up to $10bn in foreign currencies to defend the dollar.

Announcing this at the Financial Times World Banking Conference here today, Herr Karl Otto Poehl, vice-president of the Bundesbank, said the issue would have a maturity of three to five years.

In spite of its size, the issue was not likely to push up German interest rates.

"We will give our American friends all the support they need on the technical side of this operation, which is of extraordinary significance in terms of monetary policy," Herr Poehl said.

Herr Poehl added that reserve and investment dollars were being moved into other currencies in large amounts, posing a problem for Germany. He estimated that 8 to 9 per cent of total central bank reserves were currently in the form of Deutschemarks, apart from considerable amounts of the currency held by private investors, large companies and pension funds.

Some DM 50bn of the DM 61bn worth of DM issues by foreign borrowers now in circulation were owned by non-residents, as well as about DM 20bn of domestic mark loans.

Referring to the proposed European Monetary System, Herr Poehl said this was more than simply a widened version of the European currency snake, which at present links West Germany, the Benelux countries, Denmark and Norway.

He was convinced that the new system would come into force on January 1, 1979.

Intervention obligations, he said categorically, would be supplemented by measures intended to reduce tensions in the system as early as possible, and prevent as far as possible currencies' upper and lower intervention limits being reached.

These measures would be triggered by an indicator showing any movement of a currency away from the average.

In an apparent reference to disagreement among EEC members on whether or not such movement should lead directly to intervention by the central bank concerned, Herr Poehl said that this would not, in the Bundesbank's opinion, give rise to any automatic obligation, "but would indicate a presumption to act."

As envisaged by the Bremen agreement, central banks would transfer 20 per cent of their gold and dollar reserves to the European Monetary Cooperation Fund (FECOM) to obtain European Currency Units in which balances would be settled. This would in all probability be done in the form of a swap agreement which would have to be renewed every three months.

A once-and-for-all transfer of ownership was thus not involved, and in the opinion of Germany was not possible under the Treaty of Rome.

Michael Blandon writes: The dollar was given a brief boost by reports that Mr. Masayoshi Ohira, the next prime minister of Japan, had suggested an increase in the international network of currency swap arrangements to $100bn.

At present, swap arrangements totalling some $30bn are available to central banks as backing for intervention in the foreign exchange markets to support the dollar, and to iron out other erratic currency fluctuations.

The improvement was only temporary, however, and for most of the day, trading in European exchange markets was subdued ahead of today's announcement of the U.S. trade figures.

The dollar gained a little against the West German D-Mark and the Swiss franc, rising to DM 1.8275 against DM 1.9250 and to SwFr 1.7390 against SwFr 1.7350.

The Bank of England's index of the dollar's value against a basket of currencies slipped from 85.2 to 85.1.

The pound was one of the stronger currencies, gaining 55 points at $1.9490, with its trade-weighted index rising from 62.4 to 62.6.

Continued from Page 1

Ford

opponents of Government policy from the Labour back benches was Mr. Kevin McNamara (Hull Central), who declared himself a sponsored members of the Transport and General Workers' Union.

He challenged the Chancellor to justify penalising one of the most successful companies in the country and one of the most productive workforces.

Perhaps ominously for the Government, in view of Commons arithmetic, was the hostility shown to the blacklisting of Ford by Mr. Donald Stewart, leader of the Scottish Nationalists. He regarded it as "grossly offensive to the democratic process" and questioned the legal or moral basis for the imposition of sanctions.

In a statement, Sir Geoffrey Howe, Shadow Chancellor, argued that the Government's decision to impose sanctions was "wrong-headed, arbitrary, unjust and likely to be counter-productive."

Continued from Page 1

Beckett

mated Union of Engineering Workers, said yesterday that his union hoped the "present conflict" between Ford and the Government would not impair job security and future employment prospects in the company.

Union leaders involved in the Ford negotiations have told the company they would be prepared to join it in approaches to the Government over the application of sanctions.

Bank to control money brokers

BY JAMES BARTHOLOMEW AND GILES MERRITT

THE BANK of England and the European Commission have agreed in principle on a compromise to end the protracted controversy about the regulation of UK money brokers.

The Bank has agreed that in future it will take responsibility for licensing money brokers. Previously they were licensed effectively by the Foreign Exchange and Currency Deposit Brokers' Association.

Money brokers are middlemen between dealers in foreign exchange and in currency deposits, who are mostly banks. In Britain they are not allowed to deal on their own behalf.

The Bank has not wanted overtly to take charge of the brokers, believing that they should regulate themselves, and has consistently maintained that only in this way do the brokers feel a strong sense of responsibility for the market as a whole.

At first glance the agreement with the EEC represents something of a climb-down for the Bank. But the agreement does not change the market's regulation as much as might appear, since the Foreign Exchange and Currency Deposit Brokers' Association will continue to exist. Only members of the association will be able to service the banks.

Similarly, the Bank will continue to rely on the association to inform it of suspected malpractices and will consult fully with the association in considering whether to grant licences to new brokers.

The criteria for deciding whether to accept new brokers will be little changed. The main difference is that these criteria will be better known and the Bank will decide after consulting the association instead of the other way round.

The criteria include a requirement that candidate brokers should have capable staff and good reputations, that they should have the necessary telecommunications equipment and that they should not be owned by a principal.

The issue of money broking regulations in the UK arose last year when Sarabex, a money broker with Middle Eastern connections, complained to the EEC that broking in London was a "closed shop." It also claimed that London brokerage commissions were "considerably higher than in other EEC countries."

Yesterday, for the first time, new London brokerage scales were announced by way of letters from the Bank of England to the brokers and the banks.

Most of the rates have fallen. The important dollar/Deutsche Mark commission rate is down 25 per cent to £1.10 per $100,000, and of the minor European rates, the dollar/French franc is down 15 per cent, dollar/pesetas down 25 per cent and the dollar/escudos rate down 50 per cent. The spot yen rate is unchanged but the yen forward rate is down 25 per cent. A major exception to the downward trend is the dollar/sterling rate, which has risen a third to 40p per $100,000. Some brokers still regard this as much too low.

Strike hits Ruhr steel industry

BY ADRIAN DICKS

BONN, Nov. 28.

THE GERMAN steel industry today suffered its first labour stoppage for 50 years when about 37,000 members of IG-Metall, the steel workers' union, came out on strike at eight plants in the Ruhr, most of them suppliers to the motor industry.

According to the employers, pickets kept a further 13,000 workers away from their jobs, making about a quarter of the industry's 200,000-plus labour force in the region idle.

IG-Metall is seeking a 5 per cent wage rise, while the crisis-ridden steel companies have offered 3 per cent. The central issue in the dispute, however, is the union's determination to win progressive introduction of a 35-hour working week as part of a long-term campaign to prevent a further run-down of manpower.

The employers, who have refused even to discuss the 35-hour week, have decided to respond to IG-Metall's selective strike strategy with a series of lock-outs that will affect a further 29,000 men. These will begin on Friday morning.

Herr Eugen Loderer, president of IG-Metall, gave a warning this afternoon that use of this "shameful weapon" would lead to grave consequences.

Despite the inflamed rhetoric on both sides, the first day of the strike passed without incident, thousands of pickets turning out in bitterly cold weather.

About 5,300 IG-Metall members are still at work, with the union's permission, keeping the blast furnaces going.

The strike so far affects the North Rhine-Westphalia, Bremen and Osnabrück bargaining regions.

Feature, Page 20

Weather

UK TODAY

Central and Eastern parts of England and Scotland will be mostly dry and sunny although scattered light snow showers are likely in South Eastern coastal districts of England. Western districts, including the whole of Wales and Northern Ireland will be cloudy, with occasional rain, falling as snow over high ground. It will be cold with frost early and late especially in Central and Eastern districts.

Outlook for Thursday and Friday: Dry at first, but cloud and rain spreading to Western areas later. Cold with night fog and frost in the East but less cold in the West.

From the London Weather Centre

BUSINESS CENTRES

		Y'day midday °C	°F			Y'day midday °C	°F
Amstrdm.	S	5	41	Madrid	S	10	50
Bahrain	C	24	75	Manchstr.	S	1	34
Barcelona	S	12	54	Melbourne	C	23	73
Beirut	F	20	68	Mexico C	S	19	66
Belfast	S	1	34	Milan	C	5	41
Belgrade	Sn	0	32	Montreal	Sn	−6	21
Berlin	F	1	34	Moscow	D	3	37
Brmghm.	S	1	34	Munich	S	−1	30
Bristol	S	2	36	Newcastle	C	1	34
Brussels	S	2	36	New York	R	4	39
Budapest	C	2	36	Oslo	S	−2	28
B. Aires	S	25	77	Paris	C	3	37
Cairo	S	24	75	Perth	C	21	70
Cardiff	S	4	39	Prague	C	16	61
Chicago	S	−6	21	Reykjavik	R	6	43
Cologne	C	1	34	Rio de J'o	R	27	80
Copnhagn.	S	3	37	Rome	C	9	48
Dublin	F	2	36	Singapore	S	23	73
Edinburgh	F	1	34	Stockholm	Sn	−1	30
Frankfurt	Sn	0	32	Strasbrg.	F	1	34
Geneva	C	0	32	Sydney	S	26	79
Glasgow	S	1	34	Tehran	C	7	44
Helsinki	Sn	−2	28	Tel Aviv	F	22	72
H. Kong	C	15	60	Tokyo	S	16	61
Jo'burg	C	22	72	Toronto	C	−6	21
Lisbon	C	17	63	Vienna	C	1	34
London	F	3	37	Warsaw	C	1	34
Luxembg.	Sn	−1	30	Zurich	C	−2	28

HOLIDAY RESORTS

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	R	9	48	Jersey	F	6	43
Algiers	C	13	55	Las Plms.	F	20	68
Biarritz	C	4	39	Locarno	F	10	50
Blackpool	S	2	36	Majorca	F	12	54
Bordeaux	S	5	41	Malaga	S	17	63
Boulogne	S	1	34	Malta	R	14	57
Casblnca.	C	16	61	Nairobi	S	25	77
Cape Tn	S	22	72	Naples	F	7	45
Dubrovnik	F	9	48	Nice	C	8	46
Faro	F	19	66	Nicosia	C	19	66
Florence	F	8	46	Oporto	C	16	61
Funchal	R	18	64	Salzburg	C	−1	30
Guernsey	F	5	41	Tangier	F	17	63
Innsbruck	Sn	−2	28	Tenerife	F	16	61
Inverness	C	1	34	Tunis	R	7	45
Is. of Man	S	3	37	Valencia	S	15	59
Istanbul	R	15	59	Venice	C	6	43

S—Sunny. F—Fair. C—Cloudy. R—Rain. D—Drizzle. Sn—Snow.

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